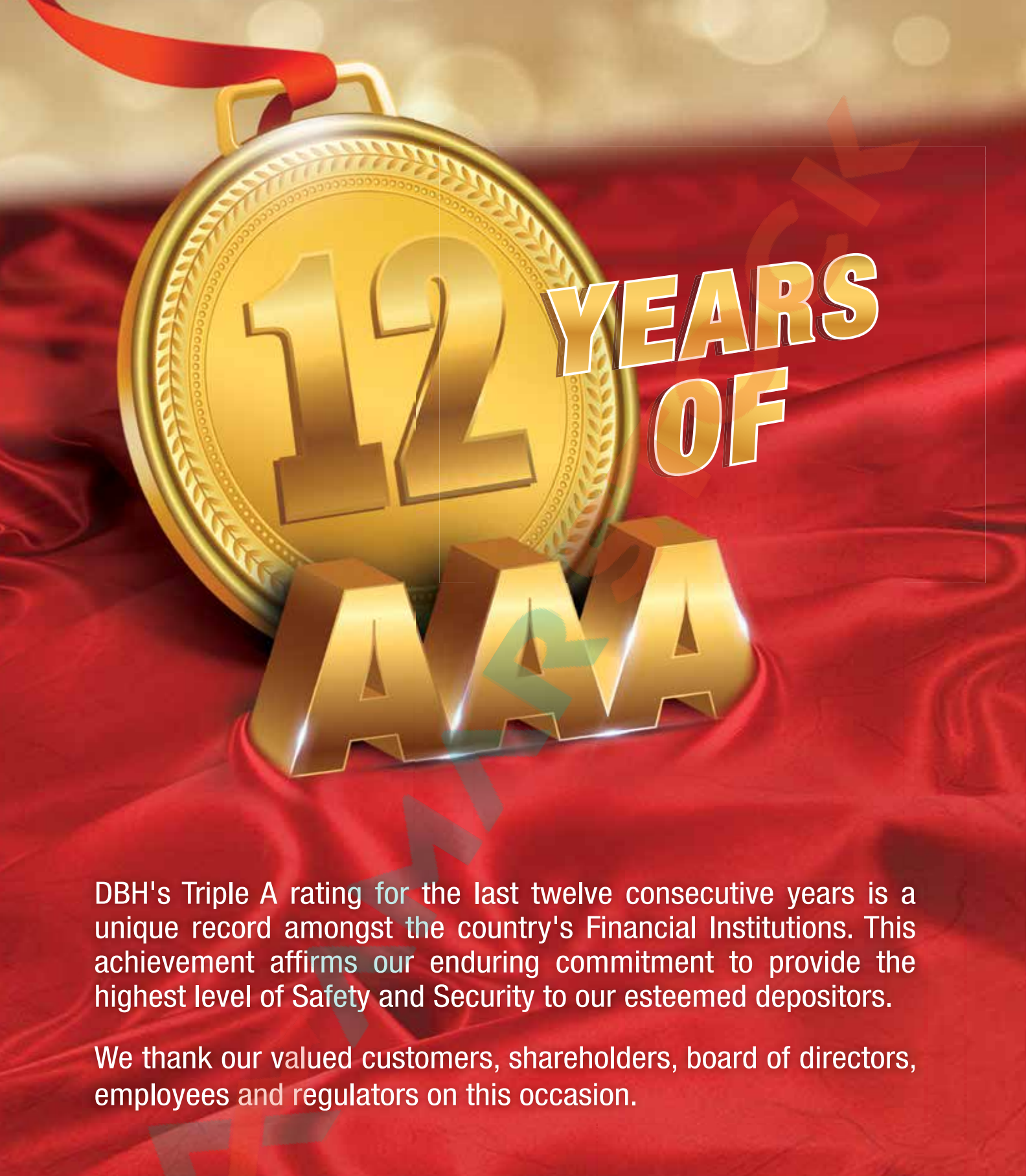
ANNUAL REPORT 2017



Better,
Stronger,
Together

DBH



DBH's Triple A rating for the last twelve consecutive years is a unique record amongst the country's Financial Institutions. This achievement affirms our enduring commitment to provide the highest level of Safety and Security to our esteemed depositors.

We thank our valued customers, shareholders, board of directors, employees and regulators on this occasion.

DBH Home Loans | DBH Fixed Deposits

16562 or 09612 222888 www.deltabrac.com

DBH

The Specialist in Housing Finance

Better,
Stronger,
Together

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Letter of **Transmittal**

All Shareholders
Bangladesh Bank
Registrar of Joint Stock Companies & Firms
Bangladesh Securities & Exchange Commission
Dhaka Stock Exchange Ltd.
Chittagong Stock Exchange Ltd.
S. F. Ahmed & Company, Auditors
Chairman, Audit Committee

Dear Sir/Madam,

Re: Annual Report for the year ended December 31, 2017.

We are pleased to enclose a copy of the Annual Report together with the audited financial statements including balance sheet as at December 31, 2017, income statement, cash flow statement and statement of changes in equity for the year ended on that date along with notes thereon for your kind information and record.

Thank you.

Yours sincerely,

Jashim Uddin, FCS
Company Secretary

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Notice of the
22nd Annual General Meeting

Notice is hereby given that the **22nd Annual General Meeting** of the Shareholders of the Company will be held on **April 19, 2018 (Thursday)** at 10.30 a.m. at 'Delta Life Conference Hall', Delta Life Tower (13th Floor), Plot # 37, Road # 90, Gulshan Circle # 2, Dhaka-1212 to transact the following businesses:

1. Consideration and adoption of Directors' Report, Audited Financial Statements for the year ended December 31, 2017 and the Auditors' Report thereon.
2. Declaration of dividend for the year ended December 31, 2017.
3. Appointment/Re-appointment of Directors.
4. Appointment of Auditors and fixation of their remuneration.

By order of the Board

Sd/-
Jashim Uddin, FCS
Company Secretary

April 1, 2018

Notes:

a. Shareholders whose names appeared on the Depository/Shareholders Register as on "Record Date" i.e. **March 29, 2018** are eligible to attend the Annual General Meeting (AGM) and receive dividend.

b. A Shareholder may appoint a proxy to attend and vote in his/her place by filling proxy form as per Article 89(i) of the Articles of Association. The proxy form, duly completed and stamped at Tk. 20.00, must be deposited at the office not later than 48 hours before the time scheduled for holding the meeting and in default, Form of Proxy will be treated as invalid.

c. Printed copy of Annual Report has been sent to the shareholders through courier and the link of the soft copy of the same also sent to the e-mail addresses available in their BO accounts with the depository. Further, soft copy of the Annual Report has been kept in the website of the Company, link of which is: **http://www.deltabrac.com/index.php/home/freports**

d. The concerned Merchant Banks and all Depository Participants (DPs) are requested to provide the soft/hard copies of the list of margin clients along with the bank details of the company to the following e-mail address: **sajed@deltabrac.com** / share office of DBH for entitlement of dividend.

e. The concerned Trusty Board of approved superannuation fund, pension fund, gratuity fund, recognize provident fund and workers profit participation fund are requested to provide us updated tax rebate certificate on or before **April 15, 2018** through mail/courier.

বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশনের নির্দেশনা অনুযায়ী আসন্ন বার্ষিক সাধারণ সভায় কোন প্রকার উপহার/খাবার/কোন ধরনের কুপন প্রদানের ব্যবস্থা থাকবে না।

DHAKA STOCK

Core Values

- Honesty, integrity and ethics in all aspects of business
- Outstanding service to the customer, above all else
- Individual opportunity, responsibility and reward based on merit
- Hard work and continuous self-improvement, never being satisfied
- Respect and concern for the individual employee

Corporate Profile

Delta Brac Housing Finance Corporation Ltd. (DBH) is the pioneer, largest and specialist in Housing Finance Institution in the private sector of the country. After commencing operation in 1996 the company has registered commendable growth in creating home ownership in Dhaka and other major cities of the country. At the same time, the company has been playing an active role in promoting the real estate sector to the large cross sections of prospective clients who had but yet unfulfilled dream of owning a home.

Among all Banks and Financial Institutions of Bangladesh only DBH has been rated the highest 'AAA' credit rating for twelve consecutive years. The level of credit rating provides a very important indication of the financial safety, security and strength of the concerned Bank or Financial Institution and is particularly relevant to its depositors and other investors such as shareholders and lenders.

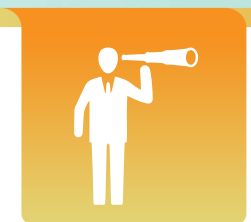
Corporate Responsibility

DBH is recognized as a responsible corporate citizen for its continuous effort to promote ownership of housing, wealth creation and also towards the improvement of the underprivileged and weaker sections of the society. DBH is committed to participate in ventures for improvement of our society by taking development initiatives which contribute to the country's rich cultural heritage.



Mission

To strengthen the society of the country by continually expanding home ownership.



Vision

To be the leading financial institution in the country with satisfied customers and employees and to generate value for our shareholders while contributing to the well being of the society.



Strategic Objectives

- Focus on building deep and long-standing relationships with our clients, customers as well as real-estate developers, and constantly look to improve the quality of our products and services.
- Focus on developing our human resource talents.
- Ensure balanced growth with a disciplined approach to the management of risks and costs.
- Ensure adequate capital and liquidity to sustain our business over the long term.



Competitive Strengths

DBH is the major player in the housing finance sector in Bangladesh since 1997 and remains one of the leading non-bank financial institutions. Today, we are an acclaimed brand for a high level of customer service; and respected for ethics, values and corporate governance.

We have developed an attractive suite of products that cater to all customer segments, with our primary focus to strengthen the society by expanding home ownership. By leveraging our understanding of customers from different economic segments, we are today in a position to extend a range of products and services in loans as well as deposits through our specialized team members. Thus, we provide one stop facility for our customer needs.

Corporate **Directory**

Head Office

Landmark Building (9th Floor)
12-14 Gulshan North C/A, Gulshan-2, Dhaka-1212
PABX: 09612 334455, +880 (2) 9842374, 58816001, 9882112, Fax: + 880 (2) 9882110

Corporate Website: www.deltabrac.com | **Corporate e-mail: dbh@deltabrac.com**

DBH Customer Center: 16562 or 09612 222888

Branches

Dhanmondi Branch
Pantha Plaza (1st Floor), 63/A Lake Circus,
Kalabagan (West Panthapath), Dhaka-1205
PABX: 09612 334455, +880 (2) 8130906,
9124112, 58155745, Fax: +880 (2) 8117264

Motijheel Branch
D R Tower (7th Floor), 65/2/2, Purana Paltan,
Box Culvert Road, Dhaka-1000
PABX: 09612 334455, +880 (2) 47111774,
47111778, 9565053, Fax: +880 (2) 9554269

Uttara Branch
Union Nahar Square (4th Floor),
Sonargaon Janapath Road, Plot- 19,
Sector 13, Uttara, Dhaka-1230
PABX: 09612 334455,
+880 (2) 8933057, 8991580
Fax: +880 (2) 8991538, Ext.-107

Chittagong Branch
BMA Bhaban (5th Floor)
1367, CDA Avenue, GEC Circle, Chittagong
PABX: 09612 334455, +880 (31) 2551224-6
Fax: +880 (31) 2551227

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

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

Bankers

Citibank, N.A.
Commercial Bank of Ceylon PLC
NRB Bank Limited
Prime Bank Limited
Pubali Bank Limited
Standard Chartered Bank
Standard Bank Limited
Woori Bank Limited

Auditors

S F Ahmed & Co.
Chartered Accountants
House # 51 (2nd Floor), Road # 9, Block # F, Banani, Dhaka-1213

WARSTOCK

Board of **Directors**



- **Mr. Nasir A. Choudhury**
  Chairman
- **Dr. A M R Chowdhury**
  Vice Chairman
- **Mr. A Z Mohammad Hossain**
  Director
- **Ms. Mehreen Hassan, Bar-at-Law**
  Director
- **Mr. Saif Md. Imran Siddique**
  Director
- **Mr. Md. Mujibur Rahman**
  Director
- **Mr. Md. Sayeed Ahmed, FCA, ACMA, CGMA**
  Director
- **Mr. M I Chowdhury**
  Independent Director
- **Ms. Rasheda K. Choudhury**
  Independent Director
- **Mr. Quazi Mohammad Shariful Ala, FCA**
  Managing Director & CEO

Profile of the **Board of Directors**



Nasir A. Choudhury
Chairman

Mr. Nasir A. Choudhury is the Chairman of the Board of Directors of the Company.

Mr. Choudhury is acting as Advisor of Green Delta Insurance Company Limited (GDIC). He is in the insurance profession for over the last 50 years and was the Founding Managing Director of GDIC.

After obtaining his Masters Degree from the University of Dhaka, he started his career in Karachi in the then Pakistan Insurance Corporation in 1958. Mr. Choudhury received advanced training in insurance and reinsurance from UK and Germany during 1961 and 1962. After the liberation of Bangladesh, he was responsible for arranging reinsurance for the newly established Bangladesh Insurance Corporation and subsequently for SadharanBima Corporation as General Manager. Mr. Choudhury was the Managing Director of GDIC since its inception (01-01-1986) until his retirement in May 2013.

Mr. Choudhury is an executive committee member of the Federation of Afro-Asian Insurers & Reinsurers (FAIR). He was the Honorable Insurance Advisor of Bangladesh Biman and Bangladesh Shipping Corporation for decades. He was the Chairman of Bangladesh Insurance Association, the official body of all the private sector insurance companies of the country from 2001 to 2005.

Mr. Choudhury is the Chairman of Green Delta Securities Ltd., Green Delta Capital Ltd. & GD Assist Ltd. He is one of the Sponsor of Union Capital Limited and Director of United Hospital (Pvt.) Limited and Managing Director of Nascom (Pvt.) Ltd. Mr. Choudhury is also the Member of Governing Body of Bangladesh Insurance Academy.

He was honored with "Lifetime Achievement Award" by The DHL-Daily Star in April 2010 for his outstanding contribution towards the development of the insurance industry in Bangladesh. His other notable awards include: Lifetime Achievement Award by Asia Insurance Review as the first Bangladeshi Insurer, Mother Teresa International Award for contributions as a Social Worker, Honesty Award by Campus and Golden Award by Jalalabad Association.

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



Dr. A M R Chowdhury
Vice Chairman

Dr. Mushtaque Chowdhury is the Vice Chair of BRAC, the world's largest non-governmental organization. Previously, he was its Deputy Executive Director, founding Director of the Research and Evaluation Division and founding Dean of the James P. Grant School of Public Health. Dr. Chowdhury is also a Professor of Population and Family Health at the Mailman School of Public Health of Columbia University in New York. During 2009-12, he worked as the Senior Adviser to the Rockefeller Foundation, based in Bangkok, Thailand. He also served as a MacArthur Fellow at Harvard University. Dr. Chowdhury holds a PhD from the London School of Hygiene and Tropical Medicine, an MSc from the London School of Economics and a BA (Hon's.) from the University of Dhaka. Dr. Chowdhury had been awarded the prestigious "Medical Award of Excellence" in the year 2017 by US-based Ronald McDonald House Charities (RMHC) for his outstanding contribution to improving health and ensuring wellbeing of children.

Dr. Chowdhury was a coordinator of the UN Millennium Task Force on Child Health and Maternal Health, set up by the former Secretary General Kofi Annan. He is a co-recipient of the 'Innovator of the Year 2006' award from the Marriott Business School of Brigham Young University in USA and in 2008 he received the PESON oration medal from the Perinatal Society of Nepal. Dr. Chowdhury has published over 150 articles in peer-reviewed international journals including the International Journal on Education, the Lancet, the Social Science & Medicine, The Scientific American and the New England Journal of Medicine.

Dr. Chowdhury is a founder of the Bangladesh Education Watch and Bangladesh Health Watch, two civil society watch-dogs on education and health respectively. He is on the board and committees of several organizations and initiatives, including: Board of Trustees of BRAC University in Bangladesh, and head Group of Scaling up Nutrition (SUN) Movement set up by UN Secretary General.

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



A Z Mohammad Hossain
Director

Mr. A Z Mohammad Hossain after obtaining LL.B degree in 1963 was enrolled as an advocate in the then High Court. He went to the UK for higher studies in the same year.

In 1971 he joined the liberation movement in the UK and became the convener of "Bangladesh Students Action Committee" in the UK. At the request of the then Bangladesh Mission to UK Late Justice Abu Sayeed Chowdhury, he along with 3 others attended and lobbied for Bangladesh at the Inter-Parliamentary Conference held in Paris. He was also sent by Late Justice Abu Sayeed Chowdhury for the same purpose, to attend the Pug Wash Conference held at Siania, Romania. He returned to Bangladesh in 1995 and took the office of Managing Director of Chandra Spinning Mills Ltd.

He has been a Director of DBH, nominated by Green Delta Insurance Company Limited, since June 2012.



Mehreen Hassan
Director

Ms. Mehreen Hassan is a Barrister-at-law and Advocate practicing in the High Court Division of the Supreme Court of Bangladesh. Her areas of practice (both litigation and advisory matters) involve mostly Corporate and Commercial laws. She has experience working with several banks and insurance companies on matters involving Banking, Insurance laws and Securities laws. She also practices in the areas of International Arbitration, Admiralty matters, Constitutional and Administrative laws.

Ms. Hassan obtained her Bar-at-law degree from City University, UK in the year 2007 and is a member of the Lincoln's Inn, UK. She completed a mini-pupilage with Staple Inn Chambers in London prior to returning to Bangladesh in 2007. She is a member of the Dhaka Bar Association and the Supreme Court Bar Association of Bangladesh and also participates in various social and charitable activities through her association with Zonta International Dhaka.

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



Saif Md Imran Siddique
Director

Mr. Saif Md Imran Siddique joined BRAC in January 2016 as the Director of Finance for BRAC International. Just before joining BRAC, he worked as the Assistant Vice President in Total Access Communication PCL (DTAC) in Bangkok, Thailand, under the Financial Planning and Analysis Division. Prior to that, he was the Head of Financial Planning and Budgeting at Robi Axiata Ltd in Dhaka, Bangladesh.

Mr. Saif worked for Grameenphone Ltd. between the years of 2001 and 2013 with a brief study break where he last served as the General Manager and Head of Business Performance Reporting under Finance Division. He played an instrumental role in shaping up the financial reporting as well as cost efficiency processes for the organization before getting listed into the stock exchanges and later played the focal point of information management as responsible for group reporting, financial result publication and support investor relations function.

Mr. Saif brings with him a wealth of leadership and managerial experience in the telecommunications sector, especially in the areas of strategic financial management and cost efficiency initiatives, business planning, dynamic forecasting, business performance analysis, financial statements and management reporting. He holds an MBA from the Indiana University of Pennsylvania, USA, and a BBA from North South University, Dhaka.

He has been a Director of DBH, nominated by BRAC, since October 2017



Md. Mujibur Rahman
Director

Mr. Md. Mujibur Rahman was born in 1952 in a respectable Muslim family. He did his B.Com (Hons) and M.Com from the University of Dhaka in 1972 and 1973 respectively. Mr. Rahman was a Director and also a Member of the Audit Committee of Delta Life Insurance Company Limited from May 23, 2012 to September 07, 2014. Beside regular academic education, he participated in various professional courses and seminars at home and abroad. His area of work experience ranges from Management and Administration in Accounts, Finance, Internal Audit, Procurement and Supply Chain and Contract and Commercial Legal Affairs since 1975 in the fields of hospitality, readymade garments and real estate development. He is presently working as the Executive Director of Shanta Holdings Limited. He is a Director of Shanta Securities Limited and also a member of the Board of Trustees and General Secretary and Treasurer of the philanthropic nonprofit healthcare provider "Centre for Woman and Child Health (CWCH)", a Specialized Hospital dedicated for the treatment of mostly under privileged women & children, operating at EPZ Bypass Road, Ashulia, Savar, Dhaka.

He has been a Director of DBH, nominated by Delta Life Insurance Company Limited, since December 2017.



Md. Sayeed Ahmed
Director

Mr. Md. Sayeed Ahmed is a finance and business professional. An experienced banker, Mr. Ahmed now working with Delta Life Insurance Company Limited as Additional Managing Director and Chief Financial Officer. Before joining Delta Life Insurance Company he was working as Deputy Managing Director and Chief Risk Officer of Pubali Bank Limited. During his long career in finance and banking sector, he has got experience in financial administration, credit risk management, treasury management, investment management, core risk management, structured financing and triple bottom line management.

He has completed his BCom (Honors), Masters and got first class from Department of Accounting and Information systems, Dhaka University. He has also MBA credential from IBA, Dhaka University. Mr. Ahmed is a fellow member of the Institute of Chartered Accountants of Bangladesh and an associate member of the Chartered Institute of Management Accountants (CIMA), UK. He is also a Chartered Global Management Accountant (CGMA). He is an IFRS expert and ICAEW (Institute of Chartered Accountants in England and Wales) trainer in Bangladesh for Advance Level subjects of ACA program. He is also a Director of DLIC Securities Limited.

He has been a Director of DBH, nominated by Delta Life Insurance Company Limited, since December 2017.



M I Chowdhury
Independent Director

Mr. M I Chowdhury did his M. A. in History from the University of Dhaka and M.S. in Agricultural Extension Programme from the University of Wisconsin, Madison, U.S.A. He joined the Govt. Services of the then Pakistan and continued his services in Bangladesh also for 33 long years. He served the country in various capacities and was appointed as the Secretary, Ministry of Information in the year1999, later he was appointed as the Secretary, Ministry of Land and served the position till his retirement in the year 2002.

Mr. Islam was awarded a Gold Medal of Honour by 'The American Biographical Institute' for outstanding performance to develop the socio-economic condition of the poor people of Bangladesh. He was also awarded the Presidential Gold Medal for his contribution to develop the rural infrastructure in 1978.

After his retirement, he took over as an Executive Director of Silver Line Group and served there till December, 2010. At present, he is the Chairman of Social Development Foundation (SDF), appointed by the Government of Bangladesh and also Chairman, Managing Committee of Rajdhani Mohila College, Rupnagar, Mirpur, Dhaka and Advisor - E.N.T Foundation & Cancer Hospital, Dhaka.

He is an Independent Director of DBH, since December 2012.



Rasheda K. Choudhury
Independent Director

Ms. Rasheda K. Choudhury is the Executive Director of CAMPE, a network of more than a thousand education NGOs, researchers and educator groups in Bangladesh. It is well known for its evidence based advocacy, pro-people campaigns and capacity to mobilse thousands of people particularly at the grassroots level.

Ms. Rasheda is also Member-Secretary of Education Watch, the largest academia-civil society joint initiative that regularly reviews the status of Education in Bangladesh. It has earned wide recognition at home and abroad and inspired Watch initiatives, at the courtesy of GCE and in cooperation with ASPBAE and ANCEFA, in other countries of Asia-Pacific and Africa regions.

Ms. Rasheda is Co-Founder of the Global Campaign for Education (GCE), a civil society movement working to end the global education crisis, operating in almost 100 countries. She is currently the elected Vice-President of GCE. Rasheda is also an elected Member of the CCNGO Coordination Group of UNESCO.

She has been nominated to represent global civil society in the Technical Cooperation Group (TCG) of UNESCO Institute of Statistics (UIS) that has been assigned by the UN to work on indicators of SDG-4.

Ms. Rasheda is currently a member of the Consultative Group of ERD (CGE), Government of Bangladesh.

In 2008, Rasheda became an Adviser (Cabinet Minister) to the Interim Non-party Caretaker Government of Bangladesh. Serving in that position involved high-level decision making, particularly in the Ministries of Primary and Mass Education, Cultural Affairs, Women and Children Affairs. Her involvement in the government's decision-making process, even for a short period, has gained recognition for the education campaigners in the country. The pro-learner, pro-quality reforms that she introduced were later accepted and continued by the elected government.

She regularly writes in national newspapers and participates in debates of national and international significance relating to development issues particularly on the right to education, gender justice and inclusive development.

Ms. Rasheda is also an Independent Director of DBH, since December 2017.



Quazi Mohammad Shariful Ala
Managing Director & CEO

Mr. Quazi Mohammad Shariful Ala is the Managing Director & CEO of the Company.

Mr. Ala graduated with a BSc (Economics) first class honours degree from the London School of Economics (LSE), University of London in 1981. He joined the London office of Price Waterhouse in 1981 and qualified as a member of the Institute of Chartered Accountants in England & Wales in 1984. Whilst working at Price Waterhouse, he had exposure to several large multinationals, including Shell Oil and JP Morgan. He is also a fellow Member of the Institute of Chartered Accountants of Bangladesh. Prior to joining DBH in 1997, he was the Finance Director of Green Delta Insurance Company Limited, one of the corporate sponsors of DBH.

He has extensive finance and corporate management experience, primarily in the financial services sector, both in Bangladesh and in the United Kingdom. He has served as a non-executive Director on the Boards of several prominent companies, including BRAC Bank Limited and is also presently in the Board of MJL Bangladesh Limited, Omera Fuels Limited, Omera Petroleum Limited, Unicap Securities Limited and Omera Cylinders Limited.

Mr. Ala has led the executive management team of DBH as the Managing Director & CEO, since 1997.

Board
Committees

Audit Committee

Mr. M I Chowdhury
Chairman

Mr. Nasir A. Choudhury
Dr. A M R Chowdhury
Mr. A Z Mohammad Hossain
Mr. Md. Sayeed Ahmed, FCA, ACMA, CGMA



Executive Committee

Ms. Mehreen Hassan, Bar-at-law
Chairperson

Dr. A M R Chowdhury
Mr. Saif Md. Imran Siddique
Mr. Q. M. Shariful Ala, FCA



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Management and **Executives**

Q. M. Shariful Ala
Managing Director & CEO

Md. Hassan Iftekhar Yussouf
Head of IT

Tanvir Ahmad
Head of Human Resources

A. K. M. Tanvir Kamal
Head of Credit

Nasimul Baten
Head of Operations

Syed Aminul Islam
Head of Finance

Saiyaf Ejaz
Head of Recovery, Customer Services & Administration

Md. Zakaria Eusuf
Head of Branch – Head Office

Md. Golam Rosul
Head of Branch - Dhanmondi

Md. Fakrul Amin
Head of Legal

Moahedul Mowla
Head of Branch - Chittagong

Jashim Uddin
Company Secretary &
Head of Corporate Affairs

Urmi Irani Khan
VP - Deposit Operations

Khandaker Satil Sayeed
Financial Controller

Md. Ariful Bari Rumi
Head of Branch - Motijheel

Mir Md. Mukhlesur Rahman
VP - Credit

Nahid Ahmed
Head of Treasury

Sabed Bin Ahsan
Head of Branch – Uttara

Khandaker Imran Habib
SAVP – Sales

A. H. M. Mostofa Kamal
SAVP – Technical & Property Services

Kazi Hasanul Islam
SAVP - Loans

Md. Mamunur Rashid Bhuiyan
SAVP – Recovery & Legal

Mohammad Manjurul Alam
SAVP - Sales

Siddartho Sangkor Kirtonia
SAVP – IT

Bidhan Krishna Ghosh
AVP – Regional Branches & Business Development

Imtiaz Elahi Sohel
AVP - Brand & Communications

Md. Mamun-Ur-Rashid
AVP – IT

Md. Mustaquimur Rashid
AVP - Human Resources

Md. Rasel Sarker
AVP – IT

Muhammad Abdullah Al Razee
AVP - Loans

A.K.M. Zahidul Hassan Choudhury
Senior Manager – Loans

Khairul Alam
Senior Manager – Loans

Md. Jubraj Hossain
Senior Manager - Finance

Shihabuddin Mahmud
Senior Manager - Internal Audit

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Operational and **Financial Highlights**

(Million Taka)

Operational Highlights	30-Jun-14	30-Jun-15	30-Jun-16	31-Dec-16	31-Dec-17
Loan approvals	6,834	7,715	13,818	6,230	15,198
Loan disbursement	6,583	7,769	11,517	6,157	14,711
Cumulative disbursement	52,847	60,616	72,133	78,290	93,001
Cumulative sanction	54,187	61,902	75,720	81,950	97,148

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

Financial Highlights	30-Jun-14	30-Jun-15	30-Jun-16	31-Dec-16	31-Dec-17
Profit before tax	1,199	1,259	1,395	*603	1,492
Profit after tax	607	685	786	*331	949
Shareholders' fund	2,776	3,171	3,609	3,591	4,358
Total deposit	21,550	24,703	28,728	34,394	41,188
Long term borrowing	5,039	4,339	3,446	3,109	2,610
Housing loan portfolio	26,831	29,030	33,397	35,552	42,050
Total balance sheet size	33,945	35,686	40,685	46,472	54,581
NPL ratio (%)	0.22%	0.30%	0.34%	0.36%	0.27%
Return on equity (average equity)	22.78%	23.05%	23.19%	18.38%	23.88%
Earnings per share	5.15	5.90	6.77	** 5.43	7.79
Earnings per share (restated)	4.90	5.62	6.45	** 5.43	7.79
Book value per share	23.92	27.32	31.10	29.47	35.76
Dividend cover ratio	2.09	1.97	1.94	1.81	2.60

Loan sanction and loan disbursement figures against 31/12/2016 represents 6 months figures commencing from July 1, 2016 to December 31, 2016.

* Profit before tax and profit after tax represents profit for the period from July 1, 2016 to December 31, 2016.

Return on average equity on December 31, 2016 calculated annualizing profit after tax of Tk. 330.81 million.

** Annualized EPS.

Financial Highlights as Required by **Bangladesh Bank**

(Figures in million Taka except ratios and per share data)

Financial Highlights	31-Dec-17	31-Dec-16
Paid up Capital	1,219	1,219
Total Capital	4,358	3,591
Capital Surplus/(Deficit)	219	219
Total Assets	54,581	46,472
Total Deposits	41,188	34,394
Total Loans & Advances	42,243	35,838
Total Contingent Liabilities and Commitments	830	656
Credit Deposit Ratio (times)	1.03	1.04
Percentage of Classified Loans against total loans and advances	0.27%	0.36%
Profit after Tax & Provision	949	*330.81
Amount of Classified Loans during current year	115.01	129.98
Provision kept against Classified Loans	115.01	129.98
Provision Surplus/ Deficit	625.10	792.69
Cost of Fund	6.67%	6.90%
Interest Earning Assets	52,232	45,082
Non Interest Earning Assets	2,349	1,390
Return on equity (ROE)	23.88%	18.38%
Return on Asset (ROA)	1.88%	1.52%
Income from Investment	43	21
Earnings per Share	7.79	**5.43
Earnings per Share (Restated)	7.79	**5.43
Net Income per Share	7.79	**5.43
Price Earning Ratio	17.46	18.82

* Profit after tax and provisions represent profit for the period from July 1, 2016 to December 31, 2016.

** Annualized EPS and Annualized Net Income per share.

Return on average equity and Return on Asset on December 31, 2016 calculated after annualizing profit after tax of Tk. 330.81 million.

Historical Record of **Dividend Payments**

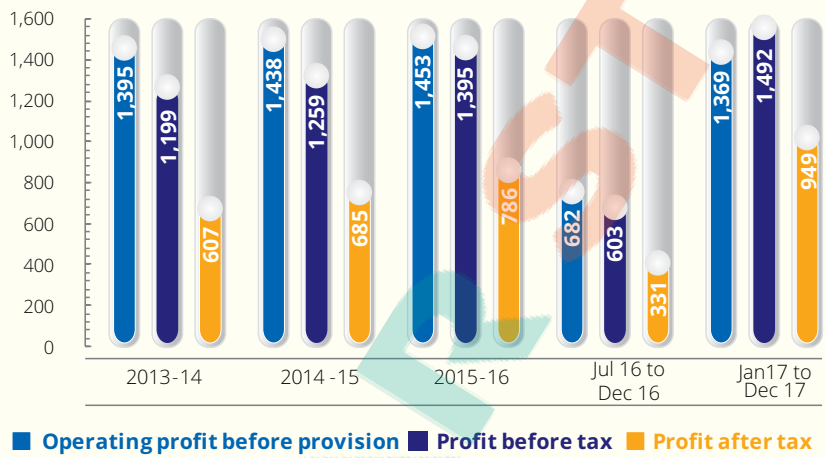
The Company started its journey in early 1997 and was able to pay the dividend to its shareholders since 2000. The historical record of payment of dividend is given hereunder as general disclosure to the stakeholders of the Company.

Year	Paid-up Capital (Tk.)	Dividend (%)
1999-2000	20,00,00,000.00	7.50 (Cash)
2000-2001	20,00,00,000.00	12.00 (Cash)
2001-2002	20,00,00,000.00	15.00 (Cash)
2002-2003	20,00,00,000.00	15.00 (Cash)
2003-2004	20,00,00,000.00	18.00 (Cash)
2004-2005	20,00,00,000.00	22.00 (Cash)
2005-2006	22,00,00,000.00	25.00 (10% Stock & 15% Cash)
2006-2007	22,00,00,000.00	30.00 (Cash)
2007-2008	27,00,00,000.00	New Issue of Tk. 500,00,000 (IPO)
2007-2008	35,10,00,000.00	30.00 (Stock)
2008-2009	40,36,50,000.00	32.00 (15% Stock & 17% Cash)
2009-2010	50,45,62,500.00	35.00 (25% Stock & 10% Cash)
2010-2011	100,91,25,000.00	100.00 (Stock)
2011-2012	116,04,93,750.00	25.00 (15% Stock & 10% Cash)
2012-2013	116,04,93,750.00	25.00 (Cash)
2013-2014	116,04,93,750.00	25.00 (Cash)
2014-2015	116,04,93,750.00	30.00 (Cash)
2015-2016	121,85,18,430.00	35.00 (5% Stock & 30% Cash)
July 2016 - Dec 2016 (six months)	121,85,18,430.00	15.00 (Cash)

Financial
Performances

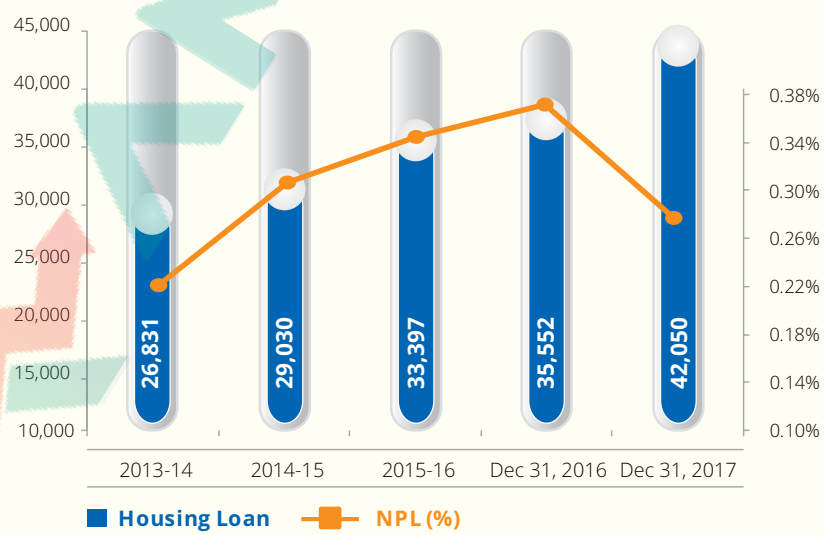
Profits

Million Taka



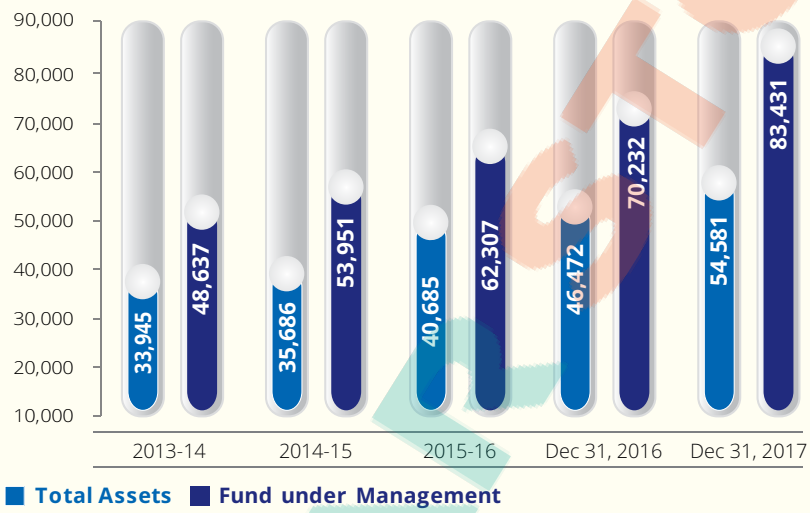
Housing Loan Portfolio & Performance

Million Taka

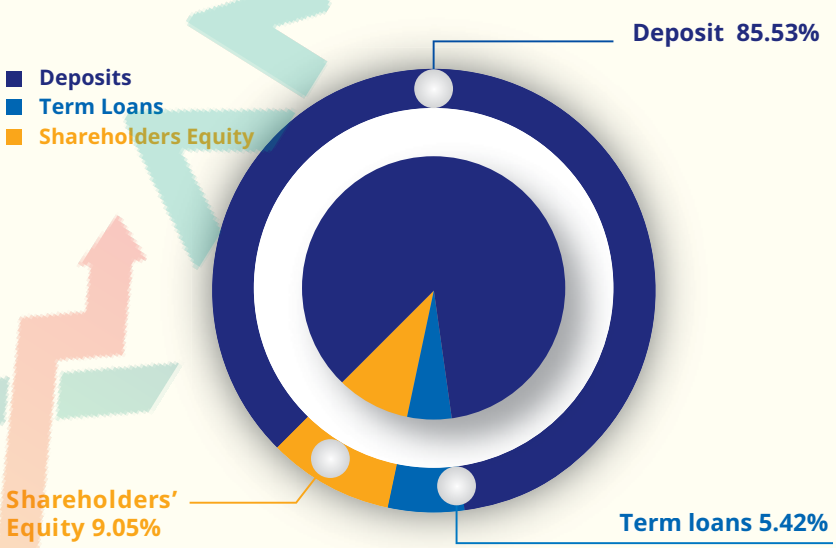


Total Assets & Fund Under Management

Million Taka

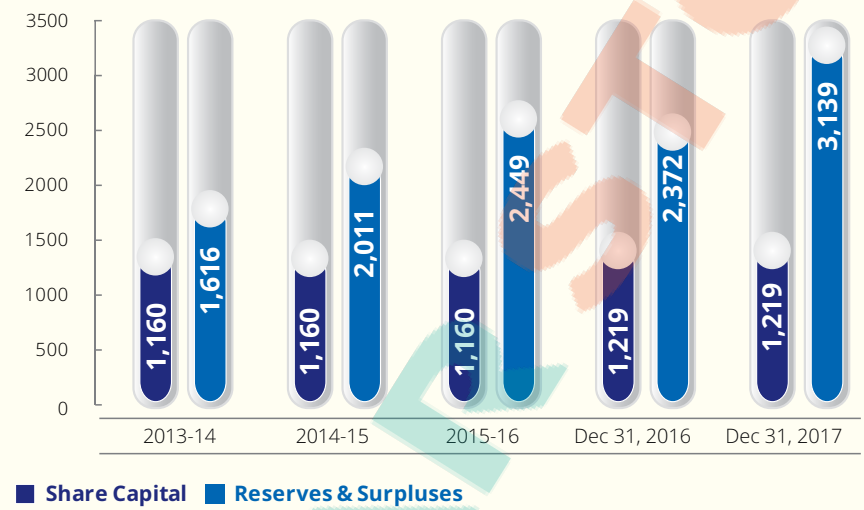


Fund Employed



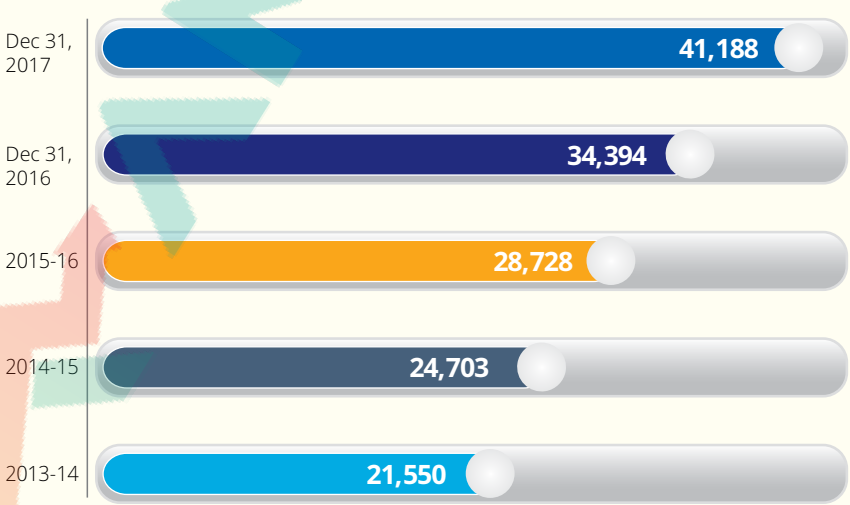
Equity

Million Taka



Deposits

Million Taka



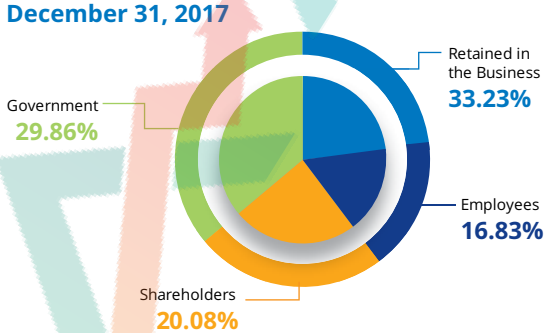
Value Added **Statement**

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

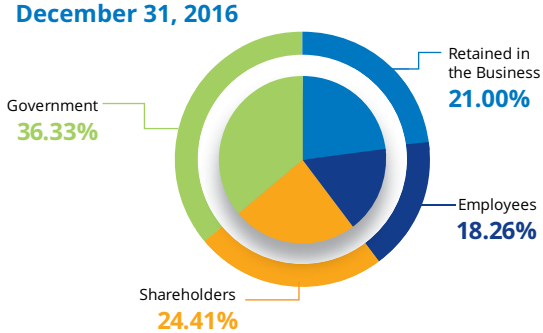
Figures in BDT

	December 31, 2017		December 31, 2016	
	Amount	%	Amount	%
Value added				
Net interest income	1,605,798,609	88.21%	779,284,806	104.05%
Fees earned	149,917,196	8.23%	72,830,105	9.72%
Investment Income	43,484,977	2.39%	21,046,384	2.81%
Other income	18,682,623	1.03%	11,531,109	1.54%
Operating expense except salary & allowances, depreciation & amortization	(121,249,441)	-6.66%	(56,565,910)	-7.55%
Provision for loan, advances & investments	123,773,974	6.80%	(79,154,052)	-10.57%
Total value added by the company	**1,820,407,938**	**100%**	**748,972,442**	**100%**
Distribution of value added				
Employees				
As salary & allowances	306,348,742	16.83%	136,783,553	18.26%
Provider of capital				
Dividend to ordinary shareholders	365,555,529	20.08%	182,777,765	24.41%
Government				
Income tax	543,477,071	29.86%	272,100,763	36.33%
Retained for business growth				
Earning retained in the business	583,445,772	32.05%	148,031,643	19.76%
Depreciation and amortization	21,580,824	1.18%	9,278,717	1.24%
Total distribution	**1,820,407,938**	**100%**	**748,972,442**	**100%**

December 31, 2017



December 31, 2016



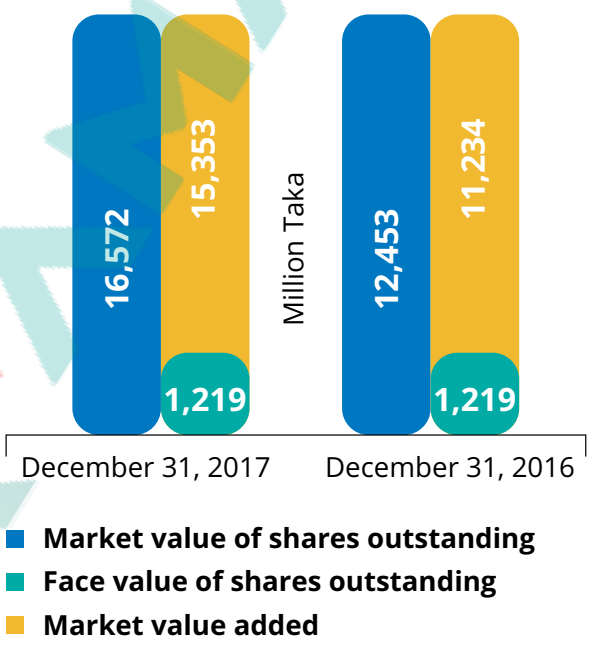
Market Value Added (MVA) **Statement**

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

Higher MVA is better for the company. A high MVA indicates that company has created substantial wealth for the shareholders. A negative MVA means that the value of management's actions and investments are less than the value contributed to the company by the capital market.

Market Value Added represents the confidence that the market places on the future stream of EVAs. The following statement shows how MVA has been arrived at for the year ended December 31, 2017 and for the period ended December 31, 2016.

Particulars	Amount in BDT	
	December 31, 2017	December 31, 2016
Market value of shares outstanding	16,571,850,648	12,453,258,355
Book value of share outstanding	1,218,518,430	1,218,518,430
Market value added	15,353,332,218	11,234,739,925



Economic Value Added (EVA) **Statement**

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

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

EVA has been calculated by the following formula:
EVA = Net operating Profit – Taxes – Cost of Capital

Particulars	Amount in BDT	
	December 31, 2017	December 31, 2016
Net operating profit	1,368,704,398	682,064,223
Provision for taxes	543,477,071	272,100,763
Net operating profit after tax (NOPAT)	825,227,327	409,963,460
Charges for capital		
Capital employed	5,102,699,060	4,751,443,085
Cost of equity (%)	7.94%	8.00%
Capital charge	405,154,305	380,115,447
Economic value added	420,073,022	29,848,013
Capital employed		
Shareholder's equity	4,357,636,213	3,591,412,677
Accumulated provision for doubtful accounts and future losses	1,065,411,155	1,190,938,075
Total capital employed	5,423,047,368	4,782,350,752
Average capital employed	5,102,699,060	4,751,443,085



Message from the **Chairman**

Dear Shareholders,

It is my great pleasure to welcome you all to the 22nd Annual General Meeting of Delta Brac Housing Finance Corporation Limited (DBH). First and foremost, I would like to express my gratitude to you all for your continuous trust, support and patronage extended towards the Company. On behalf of the Board of Directors, it is my privilege to present to you the audited financial statements for the year that ended on December 31, 2017.

As you are aware the Company has stepped on its 22nd year of operation. Since its inception DBH has played a prominent role in the growth of the housing sector especially to increase home ownership in the urban areas of the country. We can proudly claim that the Company has contributed substantially to enhance the home ownership levels of the middle and upper middle income population during the last two decades. The Company strives continually to ensure quality service to the clients by catering to their needs and providing effective and innovative solutions.

The real estate sector registered impressive turnover figures in FY 2017, thanks to political stability and low interest rates. This macroeconomic and political scenario has also positively impacted our lending figures. In FY 2017 we have disbursed over Taka 13.54 billion worth home loans to more than 3,900 borrowers. Since inception, it is the highest amount disbursed by the Company in a single year. The housing loan portfolio of DBH stood at Taka 42.05 billion at the close of December 31, 2017. It may be worth mentioning that the quality of our assets continues to be strong with non-performing loans remaining below half percent. Presently, DBH has funds under management in excess of Taka 83.43 billion.

However relatively lean margin has affected the profitability of our home loan portfolio. The operating profit before provisions stood at Taka 1,368.70 million. The Board has recommended @ 30% cash dividend out of profit and the Company has strong reserve of undistributed earnings worth Taka 413.99 million.

I am pleased to inform you that DBH has retained its highest credit rating of 'AAA' (triple A) for the 12th consecutive year. As a matter of fact, among all local banks and financial institutions, DBH is the only one to have retained the highest credit rating in such a consecutive manner. This in itself is a testament to the outstanding financial resilience of the Company.

Apart from the month of December, low interest rates coupled with the stiff competition prevailed in the home loan market for most of the year. This has to some extent restricted our growth of earnings in FY 2017 when compared to the year-on-year growth of disbursements for the period under review. We are at a disadvantage vis-à-vis the commercial banks in terms of the costs of funds. Currently we are competing mostly with the commercial banks those have access to low cost funds through current and savings accounts.

Financial Institutions including DBH do not have access to such cheaper source of funds and the present financial market is also not conducive enough for FIs to mobilize long term affordable funds. This arrangement does not allow much scope to reduce the cost of funds and consequently the interest rate charged. Moreover the inflationary pressure and liquidity crunch resurfacing in the economy since the beginning of FY 2018 has made operating conditions more difficult. With interest rates moving up, the commercial banks are at times unwilling to lend in the real estate sector due to lower spread and higher tenure of loans in comparison to other investments. Under the circumstances, in

order to ensure a healthy growth of the private housing finance sector, the authorities should take necessary measures to generate healthy competition between the banks and non-bank financial institutions.

The private real estate developers have a modest contribution to reduce demand and supply gap in national housing. In spite of inadequate policy support, these real estate developers have been doing business although mainly catering the upper and upper-middle income group, the middle income and low income households are still untapped. With largest segment of the population belonging to these income groups, the real estate business has a huge growth prospect in this country. But the development of affordable housing in our country is still in a nascent stage.

Developers are citing lack of demand for not undertaking township projects outside the city area. Prospective buyers on the other hand blaming lack of community services like good school, colleges, hospitals, lack of proper transportation facilities for showing less interest to live outside the city area. Real estate market must be expanded to reduce the load on city centre areas. That will help the price to be established at sustainable level which will be beneficial for the growth of real estate sector. But for that government initiatives are required to improve the connectivity of the outskirt areas with the city centre.

In the next year our aim is to source diversified avenues of economical funding while ensuring stable liquidity, continue to broaden our customer base and to deepen the relationship we have with our customers, harnessing the growing strength of the DBH brand and our core competency. With the interest rates moving up and new regulatory requirements being introduced, the outlook for 2018 appears to be challenging. Upward revision of interest rates coupled with increasing competition from commercial banks for accessing the public deposit base may pose as a challenge. Therefore, we should have firm faith in our expertise and motivation to develop ourselves through innovating strategies, expanding partnership and maximizing value to the shareholders.

I thank all our shareholders and my colleagues in the Board of Directors for their guidance and support. I also convey my sincere appreciation to the management and staff of DBH for their dedication and hard work under the able guidance of the Managing Director. I am also thankful to the Bangladesh Bank, Bangladesh Securities & Exchange Commission (BSEC) and the Registrar of Joint Stock Companies and Firms and the DSE & CSE for their support. We look forward to leveraging on the opportunities and face the challenges which will arise in the coming days.



Nasir A Choudhury
Chairman

Directors' **Report**

Dear Shareholders,

The Directors of Delta Brac Housing Finance Corporation Limited have the pleasure of presenting the Directors' Report of your Company together with audited accounts for the year ended December 31, 2017.

Bangladesh Economy

The national economy posted a healthy GDP growth rate of 7.28 % in fiscal year 2017 on the back of strong growth in industrial and service sectors. Industrial sector accounting for 32.4% of GDP witnessed a growth of 10.20% whereas service sector accounting for 52.90% of GDP enjoyed a growth of 6.70%. There were promising signs as private investment's share in GDP slightly increased to 23.10% in FY17 from 22.99% in FY16 along with gradually increasing public investment.

Average annual inflation showed mixed trend in fiscal year 2017. Average annual inflation has decreased to 5.44% at the end of June 2017 down from 5.92% a year earlier. Inflation rate gradually decreased since July 2016 until April 2017, as the rate increased in remaining two months of FY17. Rising food inflation due to flash flood related crop losses in the Northern haor region from the middle of FY17 mainly accounted for the headline inflation.

Export earnings in FY17 fell down by 1.70% while import growth increased 9.00%. Exports stood at USD 34,019 million in FY17 from USD 33,441 million in FY16. During the same period the total import payments increased to USD 43,491 million from USD 39,901 million in FY16. As import grew faster than export, trade deficit widened to USD 9472 million over the same period from USD 6,460 million in FY16. Current account turned negative USD 1,480 million in FY17 from surplus of USD 4,262 million in FY16. Nevertheless, overall balance of payments (BoP) continued in surplus from continuing growth in capital account. Gross international foreign exchange reserve stood at 33.40 billion and representing around 8 months of projected import coverage.

Wage earner's remittance saw a steep decline during FY17, dropping by 14.50% to USD 12,591 million from USD 14,717 million in the last fiscal year. Sharp fall in oil prices forced Gulf Cooperation Council (GCC) governments to undertake economic reforms to scale down government spending including lowering of public and private investment programs and adopt austerity measures, which ultimately impacted worker remittances from these countries. Moreover increased use of digital hundi discouraged channeling remittance through the banking system.

USD/BDT pair held stable for most of 2017 during the first quarter of the fiscal year and the national currency started to depreciate against US Dollar from the second quarter due to downturn of wage earners' remittance and export receipts vis-à-vis growth of import payments. The USD/BDT pair, which traded at BDT 78.40 at the beginning of FY2017, closed at BDT 80.59 at year end resulting in 2.81% depreciation of BDT against USD in a single year.

During the January-June period of 2017, call money rates have been on upward trend, as credit growth outpaced deposit growth, "excess liquidity" moderated and global monetary tightening continued. As this dynamic plays out, the call money interest rates are expected to edge up and be within the corridors set by repo and reverse repo rates. Balancing the scope of growth and risk of inflation against the

backdrop of monetary tightening in advanced economies the central bank decided to keep the policy rates unchanged at its previous level with reverse repo at 4.75% and repo at 6.75%.

Dhaka Stock Exchange delivered a stellar performance during FY17. In July, from the very outset of FY 17, stock market started to recover as upbeat macroeconomic indicators and a steady political situation boosted investor confidence. Improvement in participation from both local and foreign investors contributed to recovery as DSEX index stood at 5656.05 on June 30, 2017 from 4507.58 a year earlier posting a 25.47% y-o-y growth. Investor sentiment was largely aided by the policy support extended by Bangladesh Bank to banks in adjusting their capital market exposure without selling shares. A stable money-market, lower deposit rates and overall a stable economic situation contributed to accelerated market participation in the year.

Performance of Financial Sector in 2017

The Central Bank maintained policy continuity in formulating and implementing inclusive and investment friendly balanced monetary policy. The main objective of Bangladesh Bank's monetary policy is to prioritize price stability, while supporting growth and employment generation. Bangladesh Bank adopted policies to facilitate short-term and medium-term macroeconomic management, with monetary and financial policies promoting socially responsible financing, facilitating attainment of the government's near and long-term inclusive, environmentally sustainable growth objectives.

The interest rates continued to decline for the first three quarters of the year and gradually moved up in the final couple of months. In December 2017, weighted average deposit rate for Scheduled Banks has gone down to 4.91 % from 5.22 % in December 2016. On the other hand weighted average lending rates of scheduled banks also went down to 9.35 % in December 2017, from 9.93 % in December 2016. The interest rate spread also slightly reduced to 4.44% in December 2017 from 4.71% during the same time previous year. During 2017, though below 4.00% level, call money rates have been on upward trend, as credit growth outpaced deposit growth and "excess liquidity" moderated gradually.

The gross NPL ratio rose to 10.7% at end-September 2017, increasing by 60 basis points from 10.1% of end-June 2017. Non-performing loans net of specific loan loss provisions and interest suspense to total loans increased slightly to 2.9% as compared to 2.6% of end-June 2017. Besides, non performing loans net of specific loan loss provisions and interest suspense to the provision maintenance ratio, at end-September 2017, increased to 86.3% from 85.8% recorded at end-June 2017. FIs' asset quality declined at end-September 2017. The amount of non-performing loans and leases increased from BDT 52.0 billion at end-June 2017 to BDT 55.9 billion at end- September 2017 and the ratio of non performing loans and leases to total loans and leases increased slightly from 8.9 to 9.4% during the same period.

In the review period, a majority of the banks were compliant to the minimum Capital to Risk (Weighted) Assets Ratio (CRAR) requirement at end-September 2017. Pertinently, 31 out of 57 banks were able to maintain their capital ratios of 10.0% or higher in line with Pillar 1 of the Basel III capital framework. Moreover, a substantial share of banking assets was concentrated within the CRAR compliant group of banks. CRARs of 31 banks were within the range of 10-15% and their assets accounted for nearly 67.0% of the total banking industry's assets at end-September 2017 indicating that a significant portion of the banking sector assets are managed by the CRAR compliant banks. At end-September 2017, the banking sector aggregate CRAR changed to 10.7% from 10.9% of end-June 2017. The capital adequacy ratio (CAR) of the NBFI sector decreased slightly from 13.7% of the June quarter of CY17 to 13.3% in the September quarter of CY17. It

is to mention that the maintained CAR was well above the minimum regulatory requirement.

In the review period, profitability of the banking sector slightly increased. Return on assets (ROA) and return on equity (ROE) of the banking sector stood at 0.4 and 5.9% respectively against 0.3 and 3.7% of the respective ratios of the preceding quarter. Almost 91.0% of the banks' ROA was up to 2.0%. On the other hand, 75.4% of the banks' ROE was higher than 5.0%.

The balance sheet size of the banking sector stood at BDT 12,608.7 billion at end-September 2017, recording an increase of 1.9% from BDT 12,370.3 billion of end-June 2017 and 11.6% from BDT 11,296.6 billion of end-September 2016 position. Maximum portion of the banking industry's assets were held by PCBs. It is to mention that banking sector assets-to-GDP ratio stood at 63.8% at end-September 2017 which was 62.6% at the end of the preceding quarter and 65.2% at end-September 2016. ADR of the overall banking industry has increased by 90 basis points at end-September 2017 to 74.8% from 73.9 of end-June 2017.

The upward trend in treasury yields (91-day, 182-day and 364-day) continued in the September quarter of 2017 also. The rates of Bangladesh Bank bills (7-day, 14-day and 30-day) remained almost the same in Q1FY18 as the past five quarters at 2.98, 2.98 and 2.97 respectively. Yield curve was a little bit flat at the end of September 2017 compared to that of September 2016.

During the calendar year 2017, Bangladesh Bank (BB) has taken a number of initiatives having implications to domestic financial system stability. BB issued 'Prudential Guidelines for Agent Banking Operation in Bangladesh', which contains guidelines with regard to approval process of agent banking operation, agency contract and permissible activities, responsibilities of bank, assessment of agent, agent operations, technology for settlement of transactions, AML/CFT requirement, measures for customer protection, reporting requirements and supervisory oversight, among other relevant issues. Considering the necessity of improving the electronic payment systems and the growth of domestic credit card operations, BB also issued guidelines on credit card operations of banks to ensure safe, secure and efficient operations of credit cards as a payment instrument.

Real Estate Industry Outlook and Possible Future Development

Real Estate sector showed a good turn around in 2017. The situation started to improve in 2016 and developers enjoyed a favorable year in 2017. Because of price correction, many customers finally booked or purchased flats from developers in this year. The interest rate of housing loan was very low and loans were widely available as most banks and FIs were offering housing loans at low rates. The stable political situation also helped the economic activities and expedited the property purchase decisions. As a result of all these developer enjoyed a very good year in 2017

But starting from November, 2017 liquidity situation in private sector banks and financial institutions started to become tight. Interest rate of deposits were going up and fierce competition started among banks and FIs to mobilize new funds and it intensified when Bangladesh Bank declared to reduce AD ratio to 83.5% level from existing 85% level. Also irregularities and malpractices of different banks were frequently coming in the media as a result deposit withdrawal spree by government organizations took its toll in the banking sector which also badly affected the FI industry as most of the FIs are dependent on banks for their operations. Because of AD ratio adjustment and because of liquidity situation, the home loan disbursements along with other loan disbursements were reduced significantly from the prevailing level. The whole Banking

industry and the FI sector became deposit focused to improve their AD ratio and also to mobilize funds to keep their operations going.

In the pricing aspect, the prices of properties in most locations have not changed form 2015-16 level. The developers are still cautious about taking new projects because of the price correction that took place during 2012-2015 period. Many small developers have exited the industry in terms of taking new projects, but the established ones consolidated their position after absorbing the setbacks mainly created by the new and inexperienced developers.

The outskirt areas continued to flourish. The ongoing mega transport projects also increased demand for housing in those areas. Purbachal project is almost ready that will bring appx. 33,000 serviced plots in the supply side, which may help developers to get serviced plots for developments. If the liquidity situation improves, housing sector is expected to grow in coming years.

Product wise Performance

• Performance of Home Loan Operations

During FY 2017, the demand for home loans continued to improve on the back of political stability and low interest rates prevailing in the economy. As a result, apart from the traditional market players, new entrants have entered the home loan market. The Private Commercial Banks (PCBs) and Non-Bank Financial Institutions (NBFIs) involved with home loans were engaged in intense competition for most of the year.

As expected the revitalized home loan market has positively influenced our lending figures. Being a housing finance specialist DBH has forecasted the situation prudently and focused on extending its base of core retail clientele while maintaining the asset quality. The Company's home loan book in housing finance grew at a healthy pace of 18.28% to Taka 42.05 billion during the financial year while keeping gross NPL ratio at the level of 0.27% only. During the year, the gross interest income from the housing finance portfolio stood at Taka 3,789 million. DBH holds an adjustable rate home loan portfolio and the average rate of interest as well as the gross interest income on the home loan book decreased due to the downward shift in the market rate of interest.

Even though managing settlements ahead of schedule was a challenge this year, the disbursement figures experienced a hefty rise compared to last year and the Company has retained its position as the specialist housing financier with the largest market share in making new disbursements. Total approvals during the year stood at Taka 15,197.98 million as against Taka 14,534.31 million in the preceding twelve months. Total disbursement has grown at a pace of 18.37% and at the end of FY 2017 was net Taka 13,539.23 million as against Taka 11,438.03 million in the preceding twelve months. Since inception, it is the highest amount disbursed by the Company in a single year. During the year under review, a total of Taka 8,241.24 million was received by way of repayment of principal on loans through monthly installments and redemption ahead of schedule. Gross non-performing loans as of December 31, 2017 have been fully provided for, as required by Bangladesh Bank, DBH has a loan loss reserve amounting to 1% of outstanding loans.

• Performance of Deposit Portfolio

Over the years DBH has established itself as one of the leading depository institution in the industry. The company has earned the trust of the clients by providing transparent & quality service. DBH has kept its focus on deposit collection as its main source of funding mechanism. As a result DBH has managed to

fund over 80% of its home loan operations through deposit. At present the Company offers a diverse deposit product line including Annual Income Deposit, Monthly Income Deposit, Quarterly Income Deposit, Cumulative Deposit, Flexible Fixed Deposit, Easy Way Deposit, Children's Deposit, Easy Home Deposit, DBH Platinum Deposit and Day-wise Deposit. In compliance to the regulations of Bangladesh Bank the minimum tenure of the deposits is three months. These products are targeted towards various customer segments comprising of retail and corporate clientele.

At the close of December 31, 2017 the deposit portfolio of DBH stands at Taka 41,187.89 million with an interest payable worth another Taka 793.97 million. As the deposit portfolio experienced a healthy growth of 20% in FY 2017, gross amount of interest payable on the DBH deposit products have also increased when compared to that of preceding twelve months.

DBH also provides loan against deposits (LAD) to cater to its customers' urgent financial need. As of December 31, 2017, the LAD portfolio of DBH stands at Taka 183.36 million.

Recovery

The year 2017 has been challenging for the financial industry in terms of containing the non performing loan (NPL) figures. At the close of September quarter, the Gross NPL ratios for Banks and NBFIs sectors have worsened significantly from the previous year closing and stood at 10.10% and 9.40% respectively. At the end of 2016 the gross NPL ratios for both the sectors were 9.20% and 7.40% respectively. At the end of September 2017 the amount of aggregate classified loans stood at Taka 803.1 billion for banks and on the other hand, for NBFIs the figure was Taka 55.90 billion.

Under such circumstances, DBH has shown steady and resilient performance in maintaining asset quality. According to the classification policy of the Central Bank, at close of December 31, 2017 the NPL of the Company has marginally improved to 0.27% from 0.32% at end of the preceding financial year. While aggregate NPL ratio for both Banks the NBFIs has gone up, DBH has been successful to restrain the increase to a minimum. Needless to say, this is by far the best figure in the financial industry.

Funding Operations

Being one of the largest non-bank depository institutions of the industry, the funding composition of the Company has remained significantly reliant on the deposit portfolio. Presently DBH's deposit product line consists of Annual Income Deposit, Monthly Income Deposit, Quarterly Income Deposit, Cumulative Deposit, Flexible Fixed Deposit, Easy Way Deposit, Children's Deposit, Easy Home Deposit, DBH Platinum Deposit and Day-wise Deposit. These products are tailored to meet the diversified needs of our retail and corporate client base. The deposit portfolio of the Company has stood at Taka 41,187.89 million.

The funding of our company comprises of both long term and short term sources of fund to efficiently manage our cost of fund. The term loan portfolio of DBH consists of funds received under Housing Loan refinance Scheme of Bangladesh Bank worth Taka 2,496.96 million and term loans received from local markets for Taka 2,833.16 million. Apart from that the shareholder's contribution in the funding mix is Taka 4,357.64 million, which is almost 8.00% of total fund. The Company is continuously striving to source diversified avenues of funding to minimize its cost as well as asset-liability maturity & interest rate mismatch in the balance sheet.

The funding status of DBH as of December 31, 2017 is presented below:

Source	Amount in Million Taka
Deposits	41,187.89
Term loans	5,330.12
Equity	4,357.64

Treasury Operations

In DBH, Treasury acts as a catalyst between the core functions of housing finance & deposit mobilization. Over the years the treasury wing of DBH has evolved from a day-to-day fund managing unit to a core contributor in strategic decision making related to asset liability mismatch (ALM) and interest rate risk (IRR) mismatch management through in-depth market forecasting, internal liquidity projection and product re-pricing subject to regulatory constraints.

In the period under review, the Central Bank continued its balanced monetary stance to prioritize price stability, while supporting growth and employment generation. Bangladesh Bank adopted policies to facilitate short-term and medium-term macroeconomic management, with monetary and financial policies promoting socially responsible financing, facilitating attainment of the government's near and long-term inclusive, environmentally sustainable growth objectives.

BB's monetary stance and measures have helped to avoid volatility in the call money market in 2017. During July 2017- December 2017, average volume of transaction in the call money market increased by Taka 475 billion, up by 40% when compared to that of the same period of the preceding year. During 2017, call money rates have been on upward trend, as credit growth outpaced deposit growth, "excess liquidity" moderated and global monetary tightening continued. As this dynamic plays out, the call money interest rates are expected to edge up and be within the corridors set by repo and reverse repo rates. The average spread between weighted average interest rate of deposits and advances have narrowed down during the second half of CY 2017 i.e., 4.70% in June 2017 to 4.40% 5 months later in November 2017.

Understandably, the treasury department of DBH reorganized the funding mix and steadily shifted its objective towards attaining stable liquidity as market rates began to edge up during the close of 2017. During the first three quarters of the year, with a view to cost minimization as the key objective, the treasury wing maintained its short position to access low cost fund from the inter-bank deposit market as well as the overnight market to reduce overall cost of fund and enhance treasury income. The treasury department contributed a significant portion of the interest income through investment activities during this period. However in the fourth quarter, treasury department focused on sourcing long term funds and term deposits from the public to replace the interbank funds. Throughout the year the treasury department maintained a well-balanced liquidity position of the company by adhering to the rules and regulations of the Central Bank.

Investments in Securities

The benchmark index of Dhaka Stock Exchange, DSEX registered 24% capital gain return in the year 2017 as market participants' optimism was reflected in a gargantuan turnover, increasing by a very large 76.6% compared to 2016. The average daily turnover was BDT 8.75 billion in 2017 with comparison to that of BDT 4.94 billion in 2016. In accordance with the Market condition, your Company has also increased its capital market portfolio from Taka 285.70 million in December, 2016 to Taka 352.67 million in 2017.

In addition to that, the Company's outstanding investment in the fixed income securities i.e. in the redeemable preference shares reached at Taka 130.00 million, besides our investment reached at Taka 54.5 million in the non-marketable securities. The company has earned Taka 43.48 million from the capital market operations within the period from January 1, 2017 to December 31, 2017.

Human Resources

DBH is an organization which believes its human resources to be one of its best investments. It is the performance and productivity of its manpower which establishes its position. Human resources being one of the highest contributing factors in the success of the company, DBH focuses on hiring the right person for the right position and also concentrate on the proper development and motivation of the personnel. The company also considers strategy for retention of its top performers seriously.

DBH's commitment towards maintaining a fair and healthy working atmosphere binds it upon keeping an unbiased/impartial approach in all its scope that is, free from all kinds of discrimination based on gender, age, race, national origin, religion, marital status, or any other basis not prohibited by law. This maximizes efficiencies at tasks and helps employees reach their full potentials.

A separate report on human resources has been presented on page no. 97 of this report.

Information Technology

In DBH, ICT infrastructure and software systems are being governed, closely monitored and upgraded with the changes of technology trends and business needs as well as for the improvement of operational efficiency.

In the last financial year, IT department has successfully implemented several new modules in the existing centralized software system, some of which are "Central file processing Hub", "Post sanction approvals management", "Collateral database" and "Document scanning management" etc. Moreover some modules like Prepayment, Easy Deposits, Legal, ROI change, EFTN etc. has been re-engineered for better performance.

ICT Infrastructure has also been upgraded. Implemented Real time active-active DR site is with both data and instance redundancy which includes Active Directory, Mail Server, File system and Database. Our DR site has been enhanced with new SSD storage. Central Patch management system for all workstations has also been implemented.

Unlike others, Cyber security is a big concern of us. We have appropriate control system for Cyber security & risk management which is regularly monitored. Our ICT security policy has been updated as per regulator's guideline.

Internal Control system

DBH has adequate system of internal controls for business processes, with regard to operations, financial reporting, fraud control, compliance with applicable laws and regulations, etc. These internal controls and systems are devised as a part of the principles of good governance and are accordingly implemented within the framework of proper check and balances. Your Company ensures that a reasonably effective internal control framework operates throughout the organisation, which provides assurance with regard to safeguarding the assets, reliability of financial and operational information, compliance with applicable statutes, execution of the transactions as per the authorisation and compliance with the internal policies of the Company.

The internal audit adopts a risk based audit approach and conducts regular audits of all the branches/offices of the Company and evaluates on a continuous basis, the adequacy and effectiveness of the internal control mechanism, adherence to the policies and

procedures of the Company as well as the regulatory and legal requirements. The internal audit department places its findings before the Audit Committee of the Board of Directors at regular intervals. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal control systems and suggests improvement for strengthening the control systems according to the changing business needs from time to time.

Codes and Standards

The Company has adopted various codes, standards and policies set out by Bangladesh Bank and Bangladesh Securities and Exchange Commission including inter alia Know Your Customer (KYC) Guidelines, Anti Money Laundering Guideline, Asset Liability management Guideline, Code of Conducts for employee as well as the Directors, HR Policies, IT Policies and Treasury Manual etc.

The Company has the mechanisms in place to review and monitor adherence to these codes and standards and ensure reporting and compliances as required.

Credit Rating

Delta Brac Housing Finance Corporation Limited with its strong fundamentals has earned the highest credit rating award for the 12th (twelve) consecutive year. Credit Rating Agency of Bangladesh (CRAB) reaffirms AAA in the long term and ST-1 in the short term rating of Delta Brac Housing Finance Corporation Limited in its latest entity rating done based on the Company's year ended on 2016.

Key operating and financial data of at least last preceding 5 (five) years

Key operating and financial data of last preceding 5 (five) years has been presented under the heading of Operational and Financial Highlights on the page no. 22 of this annual report. Financial Highlights as required by Bangladesh Bank has also been given on page no. 23 of this report.

Contribution to National Economy

At DBH we believe that we have some responsibilities to the development of country where we operate our business and to the society where we belong. As a financial institute, DBH contributes to the economic prosperity by providing financial products and services to housing sector. Our total credit exposure as on December 31, 2017 amount to Tk. 42,243 Million. We have extended loan to around 18,258 customers to meet their housing need, which is one of the basic needs of people.

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

Taka in Million

Particulars	December 31, 2017	December 31, 2016
Income Tax paid on company's income	561.49	290.89
Tax collected at source on behalf of Government	316.70	166.05
Value Added Tax (VAT)	33.69	15.76
Excise Duty	38.83	--
Total	**950.71**	**472.70**

Creating employment has a vital impact on the economy and DBH employed as many as 277 employees as on December 31, 2017. Efficient workforce is very important for the organization as we as for the country. Keeping same in view, DBH has spent Tk. 1.28 million for training of its employees. During the period from January 1, 2017 to December 31, 2017, DBH has paid Tk. 306.35 million as salaries and allowances to its employees.

Contribution to the society during the year

DBH's responsibilities to the society are manifested in its activities, as a responsible corporate citizen, through its continuous effort to promote ownership of housing, wealth creation and also towards the improvement of the underprivileged of the society.

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

Consequently, during the period we took few projects under CSR fund for the common good of the disadvantaged population segments.

The details of the CSR initiatives have been presented under the head of Corporate Social Responsibility on the page no. 83 of this report.

Highlights on Financial Performance

(Figures in Million Taka)

Particulars	December 2017	July 2016 to December 2016
Operating revenue	4,785	2,209
Interest expenses	2,968	1,324
Operating expenses	449	203
Profit before provisions	1,369	682
Profit before tax	1,492	603
Net profit after tax	949	331

As December 2016 figures are for 6 (six) months period and December 2017 figures are for 12 (twelve) months period, they are not comparable.

Corporate and Financial Reporting Framework

The Members of the Board, in accordance with the Bangladesh Securities & Exchange Commission's Notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated August 7, 2012; confirmed compliance with the financial reporting framework for the following:

- The financial statements prepared by the Management of DBH, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the issuer company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards (IAS)/ Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standards (IFRS)/ Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure therefrom has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the issuer company's ability to continue as a going concern.

Going Concern

The financial statements of the Company have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Board of Directors of DBH has made annual assessment about whether there exists any material uncertainty which may cast significant doubt upon the Company's ability to continue as a going concern, including review of budget and future outcome of inherent uncertainties in existence.

Based on the different indications, Directors feel it appropriate to adopt going concern assumptions and no material uncertainty exists in preparing the financial statements.

Board Meetings and Attendance by the Directors

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

Shareholding Pattern

Shareholding patterns of the Company as at the end of the 2017 has been shown in Annexure-iii of this report.

Proposed Dividend

The Board of Directors at the time of considering the final accounts for the period of January 2017 to December 2017 have recommended @ 30% cash dividend from the distributable profits of the Company, which will be placed before the shareholders in the forthcoming AGM for approval.

Directors' Appointment & Re-appointment

The profile of Directors of the Company has been presented in page Nos. 10 to 19 of the Annual Report.

In accordance with the Articles of Association of DBH, the following Directors will retire in the 22nd Annual General Meeting and being eligible for re-election, they are seeking re-election to the Board.

- Mr. Saif Md. Imran Siddique (representing BRAC)
- Mr. Md. Sayeed Ahmed, FCA, ACMA, CGMA (representing DLICL)
- Mr. Md. Mujibur Rahman (representing DLICL)

Pursuant to the Clause 1.2 (iii) of the CGG, appointment of the following Independent Director shall be approved by the shareholders in the forthcoming AGM.

- Ms. Rasheda K. Choudhury

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

a) Brief resume of the Directors have been included in page nos. 10 to 19 of this Annual Report

b) Nature of the expertise of the Directors have been disclosed in the brief profiles

c) Name of the Directors and entities in which they have interest as Directors have also been disclosed in the brief profiles as well as in the notes (no. 38.1) of the Financial Statements.

Appointment of Auditors

M/s. S F Ahmed & Co. Chartered Accountants have been serving DBH for last 3 (three) terms as external auditors and will retire in the forthcoming AGM. According to the Bangladesh Bank as well as BSEC's rules, they are not eligible for further re-appointment.

As a result, the Board recommended to appoint M/s. Aziz Halim Khair Choudhury, Chartered Accountants as external auditors for the year 2018 with a fee of Tk. 400,000.00 plus VAT, subject to prior approval from Bangladesh Bank. The matter will be placed before the shareholders in the forthcoming AGM for approval.

Corporate Governance

As a listed housing finance company (DBH) with 22 years of compliant history, DBH has a strong institutional framework to meet the regulatory requirement of Corporate Affairs. DBH's experienced Board maintains an overview on the Company through the Supervisory Committees. In addition to bringing valuable perspective to the Board, DBH's independent directors contribute meaningfully through their roles within the committees.

DBH understands sound corporate governance and its importance in retaining and enhancing investors trust. The Company's commitment to values and performance is driven by transparency and integrity, which goes a long way in achieving the top position. It adheres to the core values of credibility and accountability to serve its stakeholders with passion and commitment. Its values and transparent processes act as a catalyst in growth.

Pursuant to the BSEC's Corporate Governance Guidelines, the following statements are appended as part of this Annual Report:

(i) Audit Committee Report to the Shareholders;

(ii) Statement on Financial Statements by Chief Executive Officer (CEO) and Head of Finance;

(iii) Report on the Corporate Governance; and

(iv) Certificate regarding compliance of conditions of Corporate Governance.

A statement of compliance on the Good Governance Guidelines issued by Bangladesh Bank has also been enclosed as a part of this annual report.

Acknowledgement

The Board of Directors of the Company would like to extend their sincere thanks and gratitude to its stakeholders for assistance and guidance from time to time. The Directors of the Company acknowledge their gratitude to its customers, financiers, Bangladesh Bank, Bangladesh Securities & Exchange Commission (BSEC), Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) and other regulatory authorities for their guidance and support to the Company and the co-operation extended by the Auditors, and the devoted efforts put in by the Company's employees at all levels to uphold the Company's performance.

For and on behalf of the Board of Directors.



Nasir A. Choudhury
Chairman

Directors' Meeting & **Attendance**

Annexure-i

- During the financial year under reporting total seven Board Meetings were held and the attendance of the Directors are noted below:

Name of Directors	Nominated by	Total Meeting	Meeting Attended	Changes during 2017	
				Date of Board Acceptance	
				Joining	Nomination withdrawn/ changed
Mr. Faruq A Choudhury (01-01-2017 to 17-05-2017)	BRAC	3	0	-	17-05-2017 (deceased)
Mr. Nasir A. Choudhury Chairman	Green Delta Insurance Company Ltd.	7	7	-	-
Dr. A M R Chowdhury Vice Chairman	BRAC	7	7	-	-
Mr. A Z Mohammad Hossain	Green Delta Insurance Company Ltd.	7	4	-	-
Ms. Mehreen Hassan, Bar- at- Law	Delta Life Insurance Company Ltd.	7	6	-	-
Mr. Swapan Kumar Sarkar, FCA	Delta Life Insurance Company Ltd.	6	5	-	07-12-2017 (resigned)
Ms. Adeeba Rahman, ACII-Life	Delta Life Insurance Company Ltd.	6	6	-	13-11-2017 (resigned)
Mr. Saif Md. Imran Siddique	BRAC	1	1	12-10-2017 (nominated by BRAC)	-
Mr. M I Chowdhury	Independent Director	7	7	-	-
Dr. A K A Mubin	Independent Director	5	5	-	13-08-2017 (resigned)
Mr. Md. Sayeed Ahmed, FCA, ACMA, CGMA	Delta Life Insurance Company Ltd.	0	0	12-12-2017 (nominated by DLIC)	-
Mr. Md. Mujibur Rahman	Delta Life Insurance Company Ltd.	0	0	12-12-2017 (nominated by DLIC)	-
Ms. Rasheda K. Choudhury	Independent Director	0	0	12-12-2017 (appointed by the Board)	-

Directors' **Remuneration**

Annexure-ii

- The statement of remuneration paid to the Directors during the financial year under reporting are noted below:

Name of Directors	Board		Executive Committee		Audit Committee		Total Fees Paid
	Attendance	Fees	Attendance	Fees	Attendance	Fees	
Mr. Faruq A Choudhury (01-01-2017 to 17-05-2017)	0	0	0	0	0	0	0
Mr. Nasir A. Choudhury Chairman & Nominated Director	7	56,000	0	0	3	24,000	80,000
Dr. A M R Chowdhury Vice Chairman & Nominated Director	7	56,000	3	24,000	0	0	80,000
Mr. A Z Mohammad Hossain Nominated Director	4	32,000	0	0	4	32,000	64,000
Ms. Mehreen Hassan, Bar- at- Law Nominated Director	6	48,000	4	32,000	0	0	80,000
Mr. Swapan Kumar Sarkar, FCA Nominated Director (Resigned on 07-12-2017)	5	40,000	0	0	4	32,000	72,000
Ms. Adeeba Rahman, ACII-Life Nominated Director (Resigned on 13-11-2017)	6	48,000	4	32,000	0	0	80,000
Mr. Saif Md. Imran Siddique Nominated Director (Joined on 12-10-2017)	1	8,000	0	0	0	0	8,000
Mr. M I Chowdhury Independent Director	7	56,000	0	0	4	32,000	88,000
Dr. A K A Mubin Independent Director (Resigned on 13-08-2017)	5	40,000	0	0	0	0	40,000
Mr. Md. Sayeed Ahmed, FCA, ACMA, CGMA Nominated Director (Joined on 12-12-2017)	0	0	0	0	0	0	0
Mr. Md. Mujibur Rahman Nominated Director (Joined on 12-12-2017)	0	0	0	0	0	0	0
Ms. Rasheda K. Choudhury Independent Director (Joined on 12-12-2017)	0	0	0	0	0	0	0
Total	**-**	**3,84,000**	**-**	**88,000**	**-**	**1,20,000**	**5,92,000**

(Note: Mr. Faruq A Choudhury died on 17-05-2017 and he could not attend the meetings due to illness.)

Pattern of **Shareholdings**

as on 31st December 2017

Annexure-iii

(i) Shareholding position of Sponsors:

Name	No. of Shares held	Percent (%)
BRAC	22,406,611	18.39
Delta Life Insurance Company Limited	21,479,325	17.63
Green Delta Insurance Company Limited	18,649,813	15.31
Mr. Kazi Fazlur Rahman	0	0.00
Mr. Faruq A. Choudhury	24	0.00
Dr. Salehuddin Ahmed	24	0.00
Mr. Q. M. Shariful Ala, FCA	0	0.00
Total	**62,535,797**	**51.32**

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

Name of the Directors	Nominated by	No. of Share(s) held	Percent (%)
Mr. Nasir A. Choudhury, Chairman	Green Delta Insurance Company Ltd.	-	-
Dr. A M R Chowdhury, Vice Chairman	BRAC	-	-
Mr. A Z Mohammad Hossain	Green Delta Insurance Company Ltd.	-	-
Ms. Mehreen Hassan, Bar- at- Law	Delta Life Insurance Company Ltd.	-	-
Mr. Saif Md. Imran Siddique	BRAC	-	-
Mr. Md. Sayeed Ahmed, FCA, ACMA, CGMA	Delta Life Insurance Company Ltd.	-	-
Mr. Md. Mujibur Rahman	Delta Life Insurance Company Ltd.	-	-
Mr. M I Chowdhury	Independent Director	-	-
Ms. Rasheda K. Choudhury	Independent Director	-	-

Name of the Executives	Status	No. of Share(s) held	Percent (%)
Mr. Q. M. Shariful Ala, FCA	Managing Director & CEO	-	-
Mr. Hassan I. Yussouf	EVP & Head of Information Technology	-	-
Mr. Syed Aminul Islam	Head of Finance	-	-
Mr. Jashim Uddin, FCS	Vice President & Company Secretary	-	-
Mr. Shihabuddin Mahmud	In-charge, Internal Audit	-	-

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

Name of the Executives	Status	No. of Share(s) held	Percent (%)
Mr. Nasimul Baten	EVP & Head of Operations	-	-
Mr. A. K. M. Tanvir Kamal	EVP & Head of Credit	-	-
Mr. Tanvir Ahmad	EVP & Head of Human Resources	-	-
Mr. Saiyaf Ejaz	SVP and Head of Recovery, Customer Services & Administration	-	-
Mr. Md. Zakaria Eusuf	SVP and Head of Branch - Head Office	-	-

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

Name of the Shareholders	No. of Shares held	Percent (%)
BRAC	22,406,611	18.39
Delta Life Insurance Company Limited	21,479,325	17.63
Green Delta Insurance Company Limited	18,649,813	15.31

Events
Highlights



Nasir A Choudhury, Chairman of Delta Brac Housing Finance Corporation Ltd. (DBH) addressing the 21st Annual General Meeting of the Company.

Honorable Finance Minister A M A Muhith handing over ICMAB Best Corporate Award 2016 trophy under Non-Banking Financial Institutions category to our Head of Finance Syed Aminul Islam.





Honorable Shareholders of DBH participating in the 21st AGM of the Company.

Report on Corporate **Governance**

Corporate governance is a code that sets the principles, systems, and practices through which the Board of Directors of the Company ensures transparency, fairness and accountability in the Company's relationship with all its stakeholders, viz. regulators, shareholders, creditors, government agencies, employees, among others. The code of governance is based on the principle of making all the necessary decisions and disclosures, accountability and responsibility towards various stakeholders, complying with all the applicable laws and a continuous commitment of conducting business in a transparent and ethical manner. DBH promotes accountability of its management and the Board of Directors acknowledges its responsibilities towards its stakeholders for creation and safeguarding their wealth.

We at DBH, practice a trustworthy, transparent, moral and ethical conduct, both internally and externally, and are committed towards maintaining the highest standards of Corporate Governance practices in the best interest of all its stakeholders. DBH believes that it not only has legal, contractual and social responsibilities, but also has obligations towards its stakeholders such as shareholders, depositors, bankers, regulators, government agencies, employees, investors, creditors and customers, among others. DBH strives that all its stakeholders have an access to clear, adequate and factual information relating to the Company.

To provide the factual information to the stakeholders, the Company has been maintaining of its official website linked with the website of the Exchanges (www.deltabrac.com) since long and the information required to be uploaded (as per the Regulation no. 44 of the Listing Regulations, 2015) uploads regularly.

1. BOARD INDEPENDENCE & GOVERNANCE

DBH's Board of Directors plays a pivotal role in ensuring that good corporate governance practices are followed within the Company. The Board of Directors oversees the functioning of the Company and that of its management; and ensures that every decision taken is in the best interest of the stakeholders of the Company. The Board while performing its fiduciary duties recognizes its responsibilities towards the shareholders and other stakeholders, to uphold the highest standards in all matters ensures proper delegation of appropriate authority to the senior officials of the Company for effective management of operations.

The Board of DBH considers that its constitution should comprise Directors with an appropriate mix of skill, experience and personal attributes that allow the Directors individually and the Board collectively to discharge their responsibilities and duties under the law efficiently and effectively, understand the business of the Company and assess the performance of the management.

The composition of the Board embraces diversity. The Directors possess a wide range of local and international experience, expertise and specialized skills to assist in decision-making and leading the Company for the benefit of its shareholders.

(a) Chairman

The Chairman of the Board is elected by the directors. He is a Non-executive Director, the Board considers that the Chairman works independently.

The Chairman serves as the primary link between the Board and Management, and works with the CEO and Company Secretary to set the agenda of the Board Meeting. He provides leadership to the Board and ensures that the Board works effectively and discharges its responsibilities efficiently.

Responsibilities of the Chairman

The Chairman of the Board shall be responsible for the management, development and effective performance of the Board of Directors. The Chairman is responsible for leadership of the Board. In particular, he will:

- Ensure effective operations of the Board and its committees in conformance with the highest standards of corporate governance;
- Ensure effective communication with shareholders, governments and other relevant constituencies and ensure that the views of these groups are understood by the Board;
- Set the agenda, style and tone of Board discussions to promote constructive debate and effective decision making;
- Ensure that all Board Committees are properly established, composed and operated;
- Support the CEO & Managing Director in strategy formulation and more broadly, provide support and give advice;
- Ensure an effective relationship among Directors, acting as the principal conduit for communication and issues relating to business strategy, planned acquisitions and corporate governance;
- Establish a harmonious and open relationship with the CEO & Managing Director;
- Ensure that Board Committees are properly structured and all corporate governance matters are fully addressed; and
- Encourage active engagement by all members of the Board.

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

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

Role of the Managing Director & CEO

The Managing Director & CEO is the key person and is responsible for running the business of the Company. He is also responsible for formulating as well as implementing Board strategy and policy. The Managing Director is responsible for establishing and executing the Company's operating plan that is necessary to achieve the Company's objectives. He has the overall control on the Company's day-to-day affairs and is accountable to the Board for the financial and operational performance of the Company.

(c) Criteria for Appointment of Independent Directors

As per the Corporate Governance Guidelines of Bangladesh Securities and Exchange Commission (BSEC), at least one-fifth of the total directors of the Board shall be Independent Directors.

Thus, in compliance with the guideline, two (2) Directors out of the total nine (9) Directors are independent, having no share or interest in DBH. Independence of the respective Independent Directors is confirmed during selection and appointment of the Directors and they remain committed to continue with such independence throughout their tenure.

Role of Independent Directors

The Independent Directors play a key role in the decision-making process of the Board as they involve in the overall strategy of the Company and oversee the performance of management. The Independent Directors are committed to acting in what they believe is in the best interest of the Company and its stakeholders.

The Independent Directors bring a wide range of experience, knowledge and judgment as they draw on their varied proficiency in economics, finance, management, law and public policy. This wide knowledge of both, their field of expertise and boardroom practices helps foster varied, unbiased, independent

and experienced perspectives. The Company benefits immensely from their inputs in achieving its strategic direction.

(d) DBH's Policy for Induction of Directors

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

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

(e) Composition and Category

The Composition of the Board of Directors of the Company is in compliance with Bangladesh Bank's Circular No. 9 dated September 11, 2002 and the condition nos. 1.1 & 1.2 of Bangladesh Securities and Exchange Commission's Corporate Governance Guidelines dated August 7, 2012. The Board has an optimum combination of Non-Executive and Independent Directors. The Board comprises of total nine (9) Directors, out of which seven (7) are Non – Executive Directors and two (2) are Independent Directors.

(f) Board's Effectiveness Policy

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

Broadly, the responsibilities of the Board include the followings:

- Reviewing and approving overall business strategy, as well as organization structure, developed and recommended by management;
- Ensuring that decisions and investments are consistent with long-term strategic goals;
- Ensuring that DBH is operated to preserve its financial integrity and in accordance with policies approved by the Board;
- Overseeing, through the Audit Committee, the quality and integrity of the accounting and financial reporting systems, disclosure, controls & procedures and internal controls; and through the Risk Management Committee, the quality of the risk management processes and systems;
- Providing oversight in ensuring that DBH's risk appetite and activities are consistent with the strategic intent, operating environment, effective internal controls, capital sufficiency and regulatory standards;
- Overseeing, through the Risk Management Committee, the establishment and operation of an independent risk management system for managing risks on an enterprise wide basis, the adequacy of the risk management function (including ensuring that it is sufficiently resourced to monitor risk by the various risk categories and that it has appropriate independent

reporting lines) and the quality of the risk management processes and systems;

- Reviewing any transaction for the acquisition or disposal of material assets.
- Ensuring that the necessary human resources are in place to meet its objectives, as well as appointing and removing executive officers, as deemed necessary;
- Reviewing management performance and ensuring that management formulates policies and processes to promote fair practices and high standards of business conduct by staff;
- Establishing corporate values and standards, emphasizing integrity, honesty and proper conduct at all times with respect to internal dealings and external transactions, including situations where there are potential conflicts of interest;
- Providing a balanced and understandable assessment of DBH's performance, position and prospects, and this extends to interim and other price-sensitive public reports, and reports to regulators;
- Ensuring that obligations to shareholders and others are understood and met; and
- Maintaining records of all meetings of the Board and Board Committees, in particular records of discussion on key deliberations and decisions taken.

(g) Continuing Development Program of Directors

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

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

- A formal corporate induction, including an introduction to the Board, and a detailed overview of DBH, its strategy, operational structures and business activities;
- The roles and responsibilities of a Director, including statutory duties and responsibilities;
- In case of any new rules, regulations or changes in existing regulations the Board is immediately informed;
- In order to assist them, the Board is always kept updated on any development and changes in the business environment, risk and industry outlook.

Our Directors also attend various workshops arranged by national and international organizations.

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

The Companies Act, 1994, requires the Directors to prepare financial statements for each accounting year. The Board of Directors accepts the responsibility for the preparation of the financial statements (as well as the quarterly financial statements), maintaining adequate records for safeguarding the assets of the Company, preventing and detecting fraud and/or other irregularities, selecting suitable accounting policies and applying those policies consistently and making reasonable and prudent judgments and estimates where necessary.

The Board of Directors are also responsible for the implementation of the best and the most suitable corporate governance practices. A separate statement of the Directors' responsibility for financial reporting and corporate governance has been presented on page no. 95 of this Annual Report.

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

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

The Board considers both financial and non-financial goals during the appraisal of MD's performance.

(j) Board nomination and election process

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

The Board of Directors of the Company is in compliance with Bangladesh Bank's Circular No. 9 dated September 11, 2002 and the condition nos. 1.1 & 1.2 of Bangladesh Securities and Exchange Commission's Corporate Governance Guidelines dated August 7, 2012. The Board has an optimum combination of Non-Executive and Independent Directors. The Board comprises of total nine (9) Directors, out of which seven (7) are Non – Executive Directors and two (2) are Independent Directors. The Managing Director is an Executive and ex-officio Director of the Board.

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

All the Non-Executive Directors are nominated by their respective institutions except for the Independent Directors. All the Directors bring forth independent judgment and considerable knowledge to perform their roles effectively. The Board of Directors ensures that the Company's activities are always conducted with adherence to stringent and the highest possible ethical standards and in the best interests of all stakeholders.

2. BOARD SYSTEMS AND PROCEDURES

(a) Board Meetings

The Board meets at least four (4) times a year, once in every 3 (three) months, inter-alia, to discuss and review the financial results, business policies, strategies etc. The maximum interval between two Board meetings is not more than 3 months. Additional Board Meetings are held by the Company as and when the Company needs merit oversight and guidance. However, in case of business exigency or an urgent matter, approval of the Board is sought through resolution by circulation, which is noted in the subsequent Board Meeting.

The Company circulates the Board/Committee Meeting agenda and related notes/documents well in advance which provides for quick and easy accessibility. As a practice, the Company Secretary reports the compliance status of all the laws applicable to the Board of Directors on quarterly basis. All significant decisions taken by the Board/Committee Members is communicated to the functional head of the concerned department. The Board/Committee Members are apprised of the action taken or proposed to be taken by the Company on the observations/directions given in the previous meeting.

(b) Written Code of Conduct for Directors & Senior Management

The Company had framed and adopted a Code of Conduct in accordance with the Condition No. 1.2 (v) of the Corporate Governance Guidelines 2012 of Bangladesh Securities and Exchange Commission (BSEC), which was approved by the Board of Directors in its 70th Meeting held on December 27, 2012. With the objective of enhancing the standards of governance, the Company also adopted separate codes for the members of management and executives of the Company, which has been revised by the Board in its 97th meeting held on December 12, 2017, pursuant to the Code of Conduct for Banks & NBFIs issued by Bangladesh Bank.

For the year under review, all directors and members of senior management have affirmed their adherence to the provisions of the respective codes.

Ethics and Compliance

The Board is committed to establish the highest levels of ethics and compliance.

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

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

The complete Code of Conduct is available in the Company's website, link of which is: *http://www.deltabrac.com/downloads/Code_of_Conduct_2018.pdf*

(c) Attendance in Board of Directors and Committee Meetings

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

Name of Directors	Board		Executive Committee		Audit Committee	
	Total Meeting	Meeting Attended	Total Meeting	Meeting Attended	Total Meeting	Meeting Attended
Mr. Faruq A Choudhury, (01-01-2017 to 17-05-2017)	3	0	0	0	2	0
Mr. Nasir A. Choudhury Chairman	7	7	0	0	4	3
Dr. A M R Chowdhury Vice Chairman	7	7	4	3	0	0
Mr. A Z Mohammad Hossain	7	4	0	0	4	4
Ms. Mehreen Hassan, Bar- at- Law	7	6	4	4	0	0
Mr. Swapan Kumar Sarkar, FCA (Resigned on 07-12-2017)	6	5	0	0	4	4
Ms. Adeeba Rahman, ACII-Life (Resigned on 13-11-2017)	6	6	4	4	0	0
Mr. Saif Md. Imran Siddique (Joined on 12-10-2017)	1	1	0	0	0	0
Mr. M I Chowdhury Independent Director	7	7	0	0	4	4
Dr. A K A Mubin Independent Director (Resigned on 13-08-2017)	5	5	0	0	0	0
Mr. Md. Sayeed Ahmed, FCA, ACMA, CGMA (Joined on 12-12-2017)	0	0	0	0	0	0
Mr. Md. Mujibur Rahman (Joined on 12-12-2017)	0	0	0	0	0	0
Ms. Rasheda K. Choudhury Independent Director (Joined on 12-12-2017)	0	0	0	0	0	0

(d) Particulars of Whistle Blower Policy

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

(e) Independence of the Chairman of all Board Committee

The Chairman of the Board is elected by the directors. The Board considers that the Chairman is independent.

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

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

Two of the Directors are Fellow Member of the Institute of Chartered Accountants of Bangladesh (ICAB). Among others, one Director is PhD, One Director is Barrister-at – law. They normally provide guidance in matters applicable to accounting and audit-related issues to ensure compliance and reliable financial reporting.

Respective qualifications of the Directors are appended in Directors' profile on page nos. 10-19 of this annual report.

(g) Particulars of Remuneration Committee

The internal Human Resources & Remuneration Committee of DBH is guided by the top management and through which it is also responsible to the Board of Directors.

As per the Bangladesh Bank Circular Directors cannot be part of any committee except for Board Audit Committee and Board Executive committee. For this reason the HR and Remuneration committee is fully comprised of the members of the management of DBH. The Head of Human Resources, functions as the Secretary to the Committee.

(h) Information Applied to the Board

DBH has incorporated its Governance Framework pursuant to the guidelines prescribed in the Code of Best Practice on Corporate Governance issued by the Bangladesh Securities and Exchange Commission (BSEC), and the Bangladesh Bank on Corporate Governance for Financial Institutions in Bangladesh.

The following Acts, Regulations and Circulars have been followed:

Sl.	Particulars
1	The Companies Act, 1994
2	The Financial Institutions Act, 1993
3	Securities & Exchange Ordinance-1969 and Securities & Exchange Rules 1987
4	The Code of the best Practice on Corporate Governance issued by the Bangladesh Securities and Exchange Commission (BSEC) vide notification no. SEC/CMRRCD/2006-158/134/Admin/44, dated: 07/08/2012.
5	Bangladesh Bank's DFIM Circular No. 18, dated; 26 October, 2011.
6	Listing regulations 2015, of the Stock Exchanges
7	Code of Conduct for Banks/FIs issued by Bangladesh Bank on November 6, 2017

The following internal principles and guidelines have also been followed;

Sl.	Particulars
1	Vision and Mission
2	Articles of Association
3	Code of Conduct
4	Code of Ethics
5	Board and Board Sub Committee Charters
6	Policies, Procedures, Directives

(i) Disclosure of Board Committees

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

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

Detailed composition, meetings and other information of each of the Committees of the Board is herein below:

Audit Committee

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

The Audit Committee of the Board was constituted in compliance with the DFIM Circular No. 13 dated October 2011 of Bangladesh Bank as well as the condition 3 of the Bangladesh Securities and Exchange Commission's (BSEC) Corporate Governance Guidelines 2012. All the Members of the Audit Committee have the required qualifications and expertise for appointment on the Committee and possess requisite knowledge of accounting and financial management.

A separate report on the activities of the Audit Committee has been presented on the page no. 78 of this report.

Executive Committee

The Executive Committee of the Board is authorized to review all the proposals of loans and advances above authority delegated to the Managing Director & CEO with an upper limit of Tk. 10.00 crore. During the period under review, 4 (four) meetings of the Executive Committee were held.

The Executive Committee was last reconstituted on December 12, 2017 and the members are: Ms. Mehreen Hassan as its Chairperson, Dr. Ahmed Mushtaque Raza Chowdhury, Mr. Saif Md. Imran Siddique and Mr. Q. M. Shariful Ala, Managing Director & CEO as its members.

(j) Role of Company Secretary & his Background

Role of the Company Secretary

Company Secretary is responsible for advising the Board through the Chairman on all governance matters. He is also responsible for ensuring proper information flow with the Board and its Committees and between the management and the non-executive directors. He is also acting as bridge between the regulators/stakeholders and the Company.

Mr. Jashim Uddin, Vice President-Company Secretary and Head of Corporate Affairs

of DBH, joined in December 2007. He is a Fellow Member of the Institute of Chartered Secretaries of Bangladesh (ICSB). Prior to joining in DBH, he worked with several banks.

3. BOARD SYSTEMS AND AUDIT COMMITTEE

(a) Financial Expert in the Audit Committee

The Audit Committee of the Board was last re-constituted on December 12, 2017. All the Members of the Audit Committee have the required qualifications and expertise for appointment in the Committee and possess requisite knowledge of accounting and financial management one of them is a Fellow Chartered Accountant.

(b) Reporting of Internal Auditor to the Audit Committee

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

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

The Board has ultimate responsibility for establishing an effective system of internal control. The internal control system holds all business risks, including financial, operational and strategic risks. To mitigate all the risks as well as to establish control environment, the board holds its meeting regularly with comprehensive agenda dealing with all major aspects of business. There is an internal control and compliance department directly reporting to the Board Audit Committee which looks after compliance with the organizational policies by different departments.

DBH made relevant mandatory disclosure in its financial statements under the regulatory framework, including compliance with the provisions of International Financial Reporting Standards (IFRS) as adopted in Bangladesh, besides that it submits all the reports/statements regularly, which are required to submit to the regulators as well as the other stakeholders of the Company. However, a separate report on Internal Control has been given on page no. 76 and 77 of this report.

(c) Proportion of Independent Directors in the Audit Committee

The Audit Committee of DBH has been formed pursuant to the Bangladesh Bank's guideline on Internal Control and Compliance (ICC) framework vides their DFIM Circular No.- 13, dated: October 26, 2011 and Bangladesh Securities and Exchange Commission's Corporate Governance Guidelines dated August 7, 2012.

The Audit Committee at DBH was last reconstituted on December 12, 2017 and the present members of the Committee are:

Name	Status in the Committee
Mr. M I Chowdhury Independent Director	Chairman
Mr. Nasir A Choudhury	Member
Dr. A M R Chowdhury	Member
Mr. A Z Mohammad Hossain	Member
Mr. Md. Sayeed Ahmed, FCA, ACMA, CGMA	Member

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

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

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

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

> On conflict of interest;

> Suspected and presumed fraud or irregularity or material defect in the internal control system;

> Suspected infringement of laws, including securities-related laws, rules and regulations and

> Any other matter which should be disclosed to the Board of Directors immediately

No such issues arose at DBH during the year ended on 31 December 2017.

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

The Chairman of the Audit Committee is an Independent Director and was present at the last (21st) Annual General Meeting of the Company.

4. TRANSPARENCY & DISCLOSURE COMPLIANCES

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

No such issues arose at DBH during the year ended 31 December 2017.

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

Transactions with related parties have been made on arm's length basis and are in the ordinary course of business. Detailed transactions with related parties have been described at notes- 36 of the Financial Statements on the page no. 139 of this annual report.

(c) Disclosure regarding Compliance of IFRS/ BFRS

The Members of the Board, in accordance with the Bangladesh Securities & Exchange Commission's Notification no. SEC/ CMRRCD/2006-158/134/ Admin/44 dated August 7, 2012; confirmed compliance with the financial reporting framework by the International Accounting Standards (IAS)/ Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standards (IFRS)/ Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh for preparation of the financial statements and any departure there from has been adequately disclosed.

(d) Disclosure regarding Compliance of ICSB Secretarial Standards

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

(e) Adverse Remarks in the Auditors' Report

The report contained no adverse observations of the activities by the Auditors' of the Company.

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

The Chief Executive Officer (CEO) and Chief Financial Officer (CFO) provides a certification on annual basis to the Board of Directors in terms of Condition No.6 of the Corporate Governance Guidelines of BSEC.

(g) Presentation of Financial Statements on the Website

The Company's financial results and official news releases have been displayed on the

company's website and also on the websites of the Dhaka Stock Exchange and Chittagong Stock Exchange.

(h) Information relating to Compliance Certificate

M/s. ARTISAN, Chartered Accountants have certified that the Company has complied with the conditions of Corporate Governance as stipulated under BSEC's Corporate Governance Guidelines, 2012. The said certificate forms part of this Annual Report as an annexure to the Corporate Governance Report of the Board of Directors.

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

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

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

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

Directors are not entitled to any remuneration other than attending the meeting of the Board and its committees.

Bangladesh Bank vide its DFIM Circular No. 13 dated November 30, 2015, re-fixed the maximum limit of remuneration to the Directors for attending meetings of the Board and its committees at Taka 8,000 per meeting per Director.

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

5. TRANSPARENCY AND INTERNAL AUDIT FUNCTIONS

(a) Establishment of Internal Audit Department in the Company

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

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

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

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

(1) Financial reporting, including disclosures
(2) Internal control
(3) Internal audit

(4) Compliance with relevant ethical requirements, in particular independence and objectivity
(5) The statutory audit or external audit
(6) Remedial actions

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

The Company has taken proper steps and sufficient care in building a system of internal control, which is reviewed, evaluated and updated regularly. The internal audit department of the Company conducts periodic audit to provide reasonable assurance that the established policies and procedures of the Company were consistently followed. However, a Statement of Directors' responsibility to establish appropriate system on internal controls has been presented on page no. 76 of this report.

(d) Review of the Adequacy of Internal Control System

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

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

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

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

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

6. SHAREHOLDERS INFORMATION & VALUE ENHANCEMENT

Pattern of shareholdings as on 31st December 2017

On the basis of Shareholders types:

Group Name	No. of Share holders	No. of Shares	Percent (%)
Sponsors/ Directors	5	62,535,797	51.32
General Public	2,268	4,429,462	3.64
Financial Institutions & other Companies	109	4,580,866	3.76
Foreign Investors	31	50,305,718	41.28
Total :	**2,413**	**121,851,843**	**100.00**

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

Shareholding position of each Sponsor of the Company has been presented in Annexure-iii on page no. 47 of this annual report.

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

Directors/ Executives and relatives of Directors/ Executives of the Company do not hold any shares, which has been shown in Annexure-iii on page nos. 47 & 48 of this annual report.

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

The shareholding position of ten percent (10%) or more voting interests in the Company has been shown in Annexure-iii on page no. 48 of this annual report.

(d) Redressal of Investors Complaints

Corporate Affairs Department of DBH is engaged to redress the complaints of the Shareholders and Investors' related to transfer and transmission of shares, non-receipt of annual reports, dividends and other share related matters. The department also observes the monthly status of the number of shares in physical as well as dematerialized form.

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

Key operating and financial data of last preceding 5 (five) years has been shown under the heading of Operational and Financial Highlights on page no. 22 of this annual report.

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

The Company started its journey in early 1997 and commenced to pay the dividend to its shareholders since 2000, thereafter the Company is paying dividend regularly. The historical record of payment of dividend has been given on page no. 24 of this annual report as general disclosure to the stakeholders of the Company.

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

The Earnings per Share (EPS) for the year 2017 stood at Tk. 7.79 in place of Tk. 5.43 in the previous year. This indicates increased profitability and stable asset base despite fierce competition amongst the players within the market.

The last preceding 5 (five) years EPS has been shown under the heading of Operational and Financial Highlights on page no. 22 of this annual report.

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

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

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

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

To view the level of Shareholders satisfaction and confidence toward the Company has been shown under the heading of Market value added (MVA) statement which has been included on page no. 29 of this annual report.

(j) Means of Communication with the Shareholders

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

7. STAKEHOLDERS VALUE ENHANCEMENT

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

A separate report named Stakeholders analysis has been presented on page no. 99 of this report.

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

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

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

(b) Payment to Vendors on Time

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

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

DBH contributes to the national exchequer in the form of Income Tax, VAT & Excise duty regularly and in timely manner. In return, DBH had been awarded the highest tax payer certificate from NBR for last year. Company's contribution to the national exchequer has been given on page no. 41 of this annual report.

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

The report of dispute/ default in respect of payment of Govt. taxes has been shown under the heading of Contingent liabilities on page no. 135 of this annual report

(e) Policy of Supply Chain Management

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

8. CORPORATE SOCIAL RESPONSIBILITY

(a) Policy of CSR

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

The report of Corporate Social Responsibility has been given on page no. 83 of this annual report

(b) Particulars of the Forestation and Plantation of Trees

As an environment-responsive Institution, we initiated Go Green campaign in our Company. DBH ensures borrower has the due environmental clearance certificate from the concerned authorities while granting or renewing credit facilities. DBH has assessed environmental and social issues related to the projects at the time of granting credit facilities which reflects DBH's strong

commitment in ensuring environmental and social safeguard of the projects, while creating a sense of accountability for the borrowers.

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

DBH ensures while approval of loan proposal to developer that particular developer/ client do not encourages child labour.

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

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

(e) Scheme Maintain under CSR Programs

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

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

- Promoting education of the Country;
- Preventive and curative healthcare support in the Country;
- The reminder of the CSR allocations will be used in such other areas as emergency disaster relief, as per the decision of the Management.

9. CORPORATE OBJECTIVES, GOVERNANCE INITIATIVES/ RECOGNITIONS

(a) Award Won by the Company for Corporate Governance

DBH had been awarded the Bronze Crest twice in the occasions of 2nd & 3rd ICSB National Award- 2014 & 2015 for the Corporate Governance Excellence declared on 10 November 2015 & 24 December 2016 respectively.

DBH also won the ICMAB Best Corporate Award-2016 (declared on January 28, 2018) and secured 3rd position in the FI category.

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

The Vision and Mission statement of the Company has been given on page no. 6 of this annual report.

(c) Overall Strategic Objectives

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

(d) Core Values and Code of Conduct/ Ethical Principles

The core values and code of conduct/ ethical principles of the Company has been given on page no. 6 of this annual report.

The code of conduct of DBH has been revised by the Board on December 12, 2017 pursuant to the COC issued by Bangladesh Bank for all Banks & NBFIs.

(e) Directors' Profiles and their Representation on Board of other Companies &Organization Chart

The brief resume of the Directors have been included on page nos. 10 to 19 of this Annual Report and as well as their representation on Board of other Companies & organization has also been given in the notes no. 38.1 of the Financial Statements.

10. TIMELINESS IN ISSUING FINANCIAL STATEMENTS AND HOLDING AGMs

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

Resolutions passed at the previous AGM i.e. 21st Annual General Meeting :
Date & Time: May 23, 2017 at 10:30 AM
Venue: the "Gressho-ABC Hall" of Six Seasons Hotel, House- 19, Road- 96, Gulshan-2, Dhaka-1212.

Resolutions passed by the shareholders on the following:
(i) Financial Statements for the period ended July 1, 2016 to December 31, 2016.

(ii) Dividend @15% cash for the 6 (six) months period.

(iii) Re-election of Directors; Mr. AZ Mohammad Hossain, Dr. AMR Chowdhury and Ms. Mehreen Hassan.

(iv) Appointment of M/s. S. F. Ahmed & Co., Chartered Accountants as external auditor of the Company.

11. DELEGATION OF AUTHORITY

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

12. AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

The Company has complied with all mandatory requirements of Corporate Governance Guidelines as enumerated in the Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August 2012 and its subsequent amendments of Bangladesh Securities and Exchange Commission. M/s. ARTISAN, Chartered Accountants have certified that the Company complied with the conditions of Corporate Governance as stipulated under the Corporate Governance Guidelines which has been annexed on page no. 75.

13. RISK MANAGEMENT

The Company always concentrates on delivering high value to its stakeholders through appropriate tradeoff between risk and return. A well-structured and proactive risk management system is in place within the Company to address the risks relating to credit, market, liquidity and operations. Details of the Risk Management have been described at notes 2.29 of the Financial Statements on page no. 120 of this report.

14. GOING CONCERN

The board is satisfied that the Company has adequate resources to continue its business for the foreseeable future and consequently considers it appropriate to adopt the going concern basis in preparing the financial statements. A separate statement on the topic has been presented on page no. 93 of this report.

Having reviewed the BSEC's Corporate Governance guideline as last amended on July 21, 2013, the Company's Board issued and signed their declaration of Compliance, a statement of which has been given in this report.

Annexure- A

Status of compliance with the conditions imposed by the Commission's Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August 2012 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

(Report under Condition No. 7.00)

Condition no.	Title	Compliance status as on December, 2017		Remarks
		Complied	Not Complied	
1.0	**Board of Directors:**			
1.1	Board's Size: Board members shall not be less than 5 (Five) and more than 20 (Twenty)	√		The Board of DBH consists of 9 (Nine) Members including two Independent Directors.
1.2	**Independent Director:**			
1.2 (i)	Independent Director: At least 1/5th	√		There are two Independent Directors in the Company, (1) Mr. M I Chowdhury, re-appointed on 29-09-2015 and (2) Ms. Rasheda K Choudhury, appointed on 12-12-2017.
1.2 (ii)	For the purpose of this clause "independent director" means a director:			
1.2(ii) a	Independent directors do not hold any share or hold less than one percent (1%) shares	√		
1.2(ii) b	Independent directors do not connected with the company's sponsor or director or shareholder who holds 1% or more shares	√		
1.2(ii) c	Independent directors do not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated company	√		
1.2(ii) d	Independent directors are not the members, directors or officers of any stock exchange	√		
1.2(ii) e	Independent directors are not the members, directors or officers of any stock exchange or an intermediary of the capital market	√		
1.2(ii) f	Independent directors are/were not the partners or executives during preceding 3 (three) years of any statutory audit firm	√		
1.2(ii) g	They are not the Independent directors in more than 3 (three) listed companies	√		

Condition no.	Title	Compliance status as on December, 2017		Remarks
		Complied	Not Complied	
1.2(ii) h	They are not convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a non bank financial institution (NBFI)	√		
1.2(ii) i	They are not been convicted for a criminal offence involving moral turpitude	√		
1.2(iii)	The independent directors shall be nominated by the board of directors and approved in the AGM	√		
1.2(iv)	The post of independent directors cannot remain vacant for more than 90 days			Dr. A K A Mubin resigned on 13-08-2017 and Board resolution taken by circulation on that date, which was subsequently confirmed by the Board on October 12, 2017.
1.2(v)	The board shall lay down a code of conduct of all board members and annual compliance of the code to be recorded	√		
1.2(vi)	The tenure of office of an independent directors shall be for a period of 3 (three) years which may be extended for 1 (one) term only.	√		
1.3	**Qualification of Independent Director (ID)**			
1.3(i)	Independent Director shall be knowledgeable individual with integrity, ability to ensure compliance with laws and make meaningful contribution	√		
1.3(ii)	Being a Business Leader/ Corporate Leader/ Bureaucrat/ University Teacher (Economics/ Business/ Law)/ Professionals like CA/CMA/CS having 12 years of management/ professional experience	√		
1.3(iii)	In special cases above qualification may be relaxed by the commission			N/A
1.4	Positions of Chairman of the Board and Chief Executive Officer shall be filled by different individuals. The Board shall clearly define the respective roles and responsibilities of the Chairman & CEO.	√		
1.5	**Directors' Report to Shareholders:**			
1.5(i)	Industry outlook and possible future developments in the industry	√		
1.5(ii)	Segment-wise or product-wise performance	√		
1.5(iii)	Risks and concerns	√		
1.5(iv)	A discussion on cost of goods sold, gross profit margin and net profit margin	√		
1.5(v)	Discussion on continuity of any Extra-Ordinary gain or loss			N/A

Condition no.	Title	Compliance status as on December, 2017		Remarks
		Complied	Not Complied	
1.5(vi)	Basis for related party transaction- a statement of all related party transactions should be disclosed in the annual report	√		
1.5(vii)	Utilization of proceeds from public issues, right issues and/ or through any others instruments.			N/A
1.5(viii)	An explanation if the financial results deteriorate after the company goes for IPO, RPO, Rights Offer, Direct Listing etc.			N/A
1.5(ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report			N/A
1.5(x)	Remuneration to directors including independent directors	√		
1.5(xi)	The financial statements prepared by the management of the issuer company present fairly its state of affairs, the results of its operation, cash flows and changes in equity	√		
1.5(xii)	Proper books of account of the issuer company have been maintained.	√		
1.5(xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.	√		
1.5(xiv)	International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.	√		
1.5(xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	√		
1.5(xvi)	There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed.	√		
1.5(xvii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.			N/A
1.5(xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	√		
1.5(xix)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given.			N/A
1.5(xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed.	√		
1.5(xxi)	**The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by:**			
1.5(xxi) a	Parent/Subsidiary/Associated Companies and other related parties (name wise details);			N/A
1.5(xxi) b	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	√		

Condition no.	Title	Compliance status as on December, 2017		Remarks
		Complied	Not Complied	
1.5(xxi) c	Executives (Top 5 salaried employees other than above)	√		
1.5(xxi) d	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	√		
1.5(xxii)	**In case of appointment/re-appointment of a director the company shall disclose the following information to the shareholders:**			
1.5(xxii) a	A brief resume of the director;	√		
1.5(xxii) b	Nature of his/her expertise in specific functional areas;	√		
1.5(xxii) c	Names of companies in which the person also holds the directorship and the membership of committees of the board.	√		
2.0	**Chief Financial Officer, Head of Internal Audit & Company Secretary:**			
2.1	Appointment of CFO, Head of Internal Audit and Company Secretary and defining of their respective roles, responsibilities and duties	√		
2.2	Attendance of CFO and the Company Secretary at Board of Directors meeting	√		
3	**Audit Committee:**			
3 (i)	Audit Committee shall be the sub-committee of the Board of Directors.	√		
3 (ii)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	√		
3 (iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	√		
3.1	**Constitution of the Audit Committee:**			
3.1(i)	The Audit Committee shall be composed of at least 3 (three) members.	√		
3.1(ii)	Constitution of Audit Committee with Board Members including one Independent Director	√		
3.1(iii)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experience.	√		
3.1(iv)	Filling of Casual Vacancy in Committee	√		
3.1(v)	The company secretary shall act as the secretary of the Committee.	√		
3.1(vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	√		
3.2	**Chairman of the Audit Committee:**			
3.2(i)	Chairman of the Audit Committee shall be an Independent Director	√		
3.2(ii)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).	√		

Condition no.	Title	Compliance status as on December, 2017		Remarks
		Complied	Not Complied	
3.3	**Role of Audit Committee:**			
3.3 (i)	Oversee the financial reporting process	√		
3.3 (ii)	Monitor choice of accounting policies and principles	√		
3.3 (iii)	Monitor Internal Control & Risk management process	√		
3.3 (iv)	Oversee hiring and performance of external auditors	√		
3.3 (v)	Review along with the management, the annual financial statements before submission to the board for approval	√		
3.3 (vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval	√		
3.3 (vii)	Review the adequacy of internal audit function	√		
3.3 (viii)	Review statement of significant related party transactions submitted by the management	√		
3.3 (ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors	√		
3.3 (x)	When money is raised through Initial Public Offering (IPO)/ Repeat Public Offering (RPO)/Rights Issue the company shall disclose to the Audit Committee about the uses/applications of funds by major category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial results			N/A
3.4	**Reporting of the Audit Committee:**			
3.4.1	**Reporting to the Board of Directors:**			
3.4.1 (i)	The Audit Committee shall report on its activities to the Board of Directors.	√		
3.4.1 (ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:-			
3.4.1 (ii) a	Report on conflicts of interests			N/A
3.4.1 (ii) b	Suspected or presumed fraud or irregularity or material defect in the internal control system			N/A
3.4.1 (ii) c	Suspected infringement of laws, including securities related laws, rules and regulations			N/A
3.4.1 (ii) d	Any other matter which shall be disclosed to the Board of Directors immediately			N/A
3.4.2	Reporting to the Authorities			N/A
3.5	Reporting to the Shareholders and General Investors	√		
4	**External/Statutory Auditor's Non-Engagement in:**			
4 (i)	Appraisal or valuation services or fairness opinions.	√		
4 (ii)	Financial information systems design and implementation.	√		
4 (iii)	Book-keeping or other services related to the accounting records or financial statements.	√		
4 (iv)	Broker-dealer services.	√		
4 (v)	Actuarial services.	√		

Condition no.	Title	Compliance status as on December, 2017		Remarks
		Complied	Not Complied	
4 (vi)	Internal audit services.	√		
4 (vii)	Any other service that the Audit Committee determines.	√		
4 (viii)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company.	√		
4 (ix)	Audit/ certification services on compliance of CG as required under condition 7(i)	√		
5	**Subsidiary Company:**			
5 (i)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.			N/A
5 (ii)	At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.			N/A
5 (iii)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.			N/A
5 (iv)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.			N/A
5 (v)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.			N/A
6	**Duties of Chief Executive Officer (CEO) and Chief Financial Officer (CFO):**			
6 (i)	They have reviewed financial statements for the year and that to the best of their knowledge and belief:			
6 (i) a	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	√		
6 (i) b	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.	√		
6 (ii)	There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.	√		
7	**Reporting and Compliance of Corporate Governance:**			
7 (i)	The company shall obtain a certificate from a Professional Accountant/Secretary (Chartered Accountant/Cost & Management accountant/ Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.	√		
7 (ii)	The directors of the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions.	√		

Annexure-B

Statement of compliance with the good governance guidelines issued by the Bangladesh Bank

Bangladesh Bank vide, DFIM Circular No. 7, dated 25 September 2007, issued a policy on the responsibility & accountability of the Board of Directors, Chairman & Chief Executive of financial institution. The Board of Directors of the Company has taken appropriate steps to comply with the guidelines.

A status report on compliance with those guidelines is stated below:

SL. No.	Particulars	Status of Compliance
1.	**Responsibilities and authorities of the Board of Directors:** The Board of Directors should focus mainly on the policy matters and evaluation of the performance of the institution, such as:	
	(a) Work-planning and strategic management:	
	(i) The Board shall determine the Vision/ Mission of the institute. In order to enhance operational efficiency and to ensure business growth, they shall chalk out strategies and work-plans on annual basis. The Board shall review such strategies on quarterly rests and shall modify accordingly, if required. If any structural modification is required, shall bring those changes with consultation with the management.	Complied
	(ii) The Board shall have its analytical review incorporated in the Annual report as regard to the success/failure in achieving the business and other targets as set out in its annual work-plan and shall apprise the shareholders on future plans and strategies.	Complied
	(iii) The Board will set the Key Performance Indicator (KPI)s for the CEO and other senior executives and will appraise those on half yearly basis.	Complied
	(b) Formation of sub-committee:	
	Executive Committee may be formed in combination with directors of the Company for rapid settlement of the emergency matters (approval of loan/lease application, write-off, rescheduling etc.) arisen from the regular business activities. Except the Executive Committee and Audit Committee, no other committee or sub-committee can be formed, even in temporary basis.	Complied
	(c) Financial management:	
	(i) Annual budget and statutory financial statements shall be adopted finally with the approval of the Board.	Complied
	(ii) Board shall review and examine in quarterly basis various statutory financial statements such as statement of income-expenses, statement of loan/lease, statement of liquidity, adequacy of capital, maintenance of provision, legal affairs including actions taken to recover overdue loan/lease.	Complied

SL. No.	Particulars	Status of Compliance
	(iii) Board shall approve the Company's policy on procurement and collection and shall also approve the expenditures according to policy. The Board to the maximum extend shall delegate the authority on the Managing Director and among other top executives for approval of expenditure within budget.	Complied
	(iv) The Board shall adopt the process of operation of bank accounts. To ensure transparency in financial matters, groups may be formed among the management to operate bank accounts under joint signatures.	Complied
	(d) Management of loan/lease/investments:	
	(i) Policy on evaluation of loan/lease/investment proposal, sanction and disbursement and its regular collection and monitoring shall be adopted and reviewed by the Board regularly based on prevailing laws and regulations. Board shall delegate the authority of loan/ lease/investment specifically to management preferably on Managing Director and other top executives.	Complied
	(ii) No director shall interfere on the approval of loan proposal associated with him. The director concerned shall not give any opinion on that loan proposal.	Complied
	(iii) Any large loan/lease/investment proposal must be approved by the Board.	Complied
	(e) Risk management:	
	Risk Management Guideline framed in the light of Core Risk Management Guideline shall be approved by the Board and reviewed by the Board regularly.	Complied
	(f) Internal control and compliance management:	
	An Audit Committee as approved by the Board shall be formed. Board shall evaluate the reports presented by the Audit Committee on compliance with the recommendation of internal auditors, external auditors and Bangladesh Bank Inspection team as well.	Complied
	(g) Human resource management:	
	Board shall approve the policy on Human Resources Management and Service Rule. The Chairman and directors of the Board shall not interfere on the administrative job in line with the approved Service Rule.	Complied
	Only the authority for the appointment and promotion of the Managing Director/Deputy Managing Director/ General Manager and other equivalent position shall lie with the Board in compliance with the policy and Service Rule. No director shall be included in any Executive Committee formed for the purpose of appointment and promotion of others.	Complied

SL. No.	Particulars	Status of Compliance
	(h) Appointment of CEO:	
	The Board shall appoint a competent CEO for the institution with the prior approval of the Bangladesh Bank and shall approve the proposal for increment of his salary and allowances.	Complied
	(i) Benefits offer to the Chairman:	
	For the interest of the business, the Chairman may be offered an office room, a personal secretary, a telephone at the office and a vehicle subject to the approval of the Board.	Complied
	Responsibilities of the Chairman of the Board of Directors:	
	(a) Chairman shall not participate in or interfere into the administrative or operational and routine affairs of the Company as he has no jurisdiction to apply executive power;	Complied
	(b) The minutes of the Board meetings shall be signed by the Chairman;	Complied
	(c) The Chairman shall sign-off the proposal for appointment of Managing Director and increment of his salaries & allowances;	Complied
	Responsibilities of Managing Director:	
	(a) Managing Director shall discharge his responsibilities on matters relating to financial, business and administration vested by the Board upon him. He is also accountable for achievement of financial and other business targets by means of business plan, efficient implementation of administration and financial management;	Complied
	(b) For day to day operations, Managing Director shall ensure compliance with the rules and regulation of the Financial Institutions Act, 1993 and other relevant circulars of Bangladesh Bank;	Complied
	(c) All recruitment/promotion, except those of DMD, GM and equivalent positions shall be vested upon the Managing Director. He shall act such in accordance the approved HR Policy of the institution;	Complied
	(d) Managing Director may re-schedule job responsibilities of employees	Complied
	(e) Except for the DMD, GM and equivalent positions, power to transfer and to take disciplinary action shall vested to the Managing Director.	Complied
	(f) Managing Director shall sign all the letters/statements relating to compliance of polices and guidelines. However, Departmental/Unit heads may sign daily letters/statements as set out in DFIM circular no. 2 dated 06 January 2009 if so authorized by MD.	Complied

Certificate of Compliance to the Shareholders of Delta Brac Housing Finance Corporation Ltd. On the Conditions of Corporate Governance Guidelines

We have reviewed the statement of compliance of Conditions of Corporate Governance guidelines prepared by the management of Delta Brac Housing Finance Corporation Ltd. to comply with the Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 7th August 2012 of Bangladesh Securities and Exchange Commission (BSEC), where the company is listed.

The responsibility for compliance with the Conditions of Corporate Governance Guideline is that of the Board of Directors of the company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the statement of compliance reflects the status of the Company's compliance with the provisions of the conditions of Corporate Governance guidelines and report if it does not.

Based on our review, we certify that nothing has come to our attention as stated in the status of Compliance statement which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Conditions of Corporate governance as applicable to the Company for the year ended on 31 December, 2017.

Dhaka, 11 March, 2018

ARTISAN Dhaka Chartered Accountants

Md. Selim Reza FCA FCS
Partner
ARTISAN
Chartered Accountants

Report on Internal **Control**

Internal Control & Compliance

Financing is a diversified and multifarious monetary activity which involves different types of risks. An effective internal control and compliance system has become essential in order to underpin effective risk management practices and to ensure smooth performance of the finance/bank industry.

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

The aim of internal control is to provide reasonable assurance, by means of system of processes and procedures implemented by DBH, that the following objectives may be achieved:

- determine the reliability and integrity of information; (i.e. evaluating the internal control systems and the integrity of financial and operating information produced by those systems);
- determine whether compliance exists with policies, procedures, laws, and regulations;
- determine if assets are safeguarded and verify the existence of those assets;
- review operations or programs for consistency with established management goals and objectives;
- assist executives of the company in the effective and successful performance with analyses, appraisals, recommendations, and other pertinent information concerning the activities being reviewed.

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

Internal control procedure

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

The key operations and the internal control procedures are described below:

Financial and accounting information:

With view to ensure safe, secure, stable & effective transaction processing, Finance & Accounts Department of DBH is working with utmost efficiency & professionalism.

Financial and accounting information is prepared centrally on the basis of financial statements generated from the software application that is used by different departments and is in compliance with the IAS (International Accounting Standards) and IFRS (International Financial Reporting Standards)

as adopted by the ICAB (Institute of Chartered Accountant of Bangladesh) from time to time.

Reports are produced monthly and prepared in the following month to which they relate whereas full accounting consolidations are produced quarterly and prepared within the following month to which they relate. The preparation of the annual financial statements is the responsibility of the Management under the supervision of the Audit Committee and Company's Auditor. The quarterly & half-yearly Financial Statements are prepared by the Management under the supervision of Audit Committee.

External financial information

Financial communication to external parties consists of financial statements prepared by the Management, submitted to the Board and reviewed and audited by the Auditors.

Cash position and financing

Responsibility for fund management is delegated to the treasury wing of the finance department by means of well defined procedures and delegation.

The finance & accounts department is responsible for borrowings and investment which is required to comply with specific procedures such as, position of the banks involved, risk-free investment and monitoring of financial transactions.

Borrowings and investments are monitored on the monthly basis by means of report produced by the treasury and finance & accounts department and submitted to Senior Management.

Procedures and inspections

With the objectives of producing high quality financial and accounting information, DBH has introduced procedures and instructions tailored to every section. These procedures are grouped by topic and deal mainly with accounting, treasury, regulatory and reporting issues.

The internal control & compliance department is independent from management. It audits the activities and systems of different departments in accordance with an audit plan, particularly in order to assess and improve the accuracy and reliability of the accounting and financial information.

The internal control & compliance department coordinates relations with external auditors.

Customer relation

With the aims of specifying and formalizing certain practices regarding contractual relations with its clients, DBH has developed a procedure for managing client risk. This includes limit in respect of credit, delegation of authority, security, insurance and documentation.

The legal department analyzes the legal provisions applicable to financing agreements executed between DBH and the clients. We have standard documents defining the conditions with which the agreements should comply in order to reduce the level of risk. These standard documents are regularly reviewed by the concerned departments.

Human resources

While ensuring a performance driven culture and better learning environment, DBH has been engaged in minimizing operating costs and maximizing profit at the optimal context. In connection with this view, the Human Resources department organizes career and skills development training for those positions requiring a high level of responsibility. It carries out the performance evaluation program in each year. This department provides industry information to the management as to the emolument and benefits. Human Resources department is responsible for ensuring compliance with the service rules and regulations.

Information technology

The Information Technology Department is responsible for integrating and ensuring the consistency of the hardware and software used. In DBH, most data processing is carried out by means of integrated software packages. Back up of the database is stored in a safe custody on daily, weekly and monthly basis at within and outside business premises.

Audit Committee **Report**

The Audit Committee of DBH undertakes, among others, oversight responsibilities on behalf of the Board of Directors by reviewing the financial reporting process, the system of internal controls, the audit process, the management of financial risks and the process of monitoring compliance with the laws and regulations in force including its own code of business conduct. The audit committee on behalf of the Board also strives to implement the business plans and policies, as well as continue its strong vigilance and monitoring on the following areas:

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

Composition of the Committee

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

The Audit Committee of DBH has been formed pursuant to the Bangladesh Bank's guideline on Internal Control and Compliance (ICC) framework vides their DFIM Circular No.- 13, dated : October 26, 2011 and Bangladesh Securities and Exchange Commission's Corporate Governance Guidelines dated August 7, 2012.

The current Audit Committee was last reconstituted on December 12, 2017 and the present members of the Committee are:

Name	Status in the Committee	Status in the Board
Mr. M I Chowdhury	Chairman	Independent Director
Mr. Nasir A Choudhury	Member	Chairman
Dr. A M R Chowdhury	Member	Vice-Chairman
Mr. A Z Mohammad Hossain	Member	Director
Mr. Md. Sayeed Ahmed FCA, ACMA, CGMA	Member	Director

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

Activities of the Audit Committee

The Committee normally meets quarterly, but an emergency meeting of the Committee may be called, if required. However, during the period under review, 4 (four) Committee meetings were held. The Committee reviews the financial reporting process, the system of internal control and management of financial & operational risks through the audit process.

Audit Committee reviewed the final accounts for the period of January 1, 2017 to December 31, 2017 and placed its recommendations to the Board of Directors. Based on the review, the Audit Committee is of the view that the internal control and compliance procedures are adequate to present a true and fair view of the activities and financial status of the Company and to ensure that its assets are safeguarded properly.

Roles and Responsibilities of the Committee

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

(a) Internal Control

(1) Evaluate whether management is setting the appropriate compliance culture by communicating the importance of internal control and the management of risk and ensuring that all employees have understanding of their roles and responsibilities;

(2) Review the arrangements made by the management for building a suitable Management Information System (MIS) including computerization system and its applications;

(3) Consider whether internal control strategies recommended by internal and external auditors have been implemented by the management;

(4) Review the existing risk management procedures for ensuring an effective internal check and control system;

(5) Review the corrective measures taken by the management as regards the reports relating to fraud-forgery, deficiencies in internal control or other similar issues detected by internal and external auditors and inspectors of the regulatory authority and inform the board on a regular basis.

(b) Financial Reporting

(1) Review the annual financial statements and determine whether they are complete and consistent with the accounting standards set by the regulatory authority;

(2) Meet management and the external auditors to review the financial statements before their finalization.

(3) The chairman of the audit committee shall be present and answerable to reply the accounting and audit related query in the general meeting.

(c) Internal Audit

(1) Review the activities and organizational structure of the internal audit function and ensure that no unjustified restrictions or limitations are made;

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

(3) Review that findings and recommendations made by the internal auditors for removing the irregularities detected and also running the affairs of the Institution are duly considered by the management.

(4) Recommend the Board in case of change of the accounting policies.

(d) External Audit

(1) Review the auditing performance of the external auditors and their audit reports;

(2) Review that findings and recommendations made by the external auditors for removing the irregularities detected and also running the affairs of the institution are duly considered by the management;

(3) Make recommendations to the Board regarding the appointment of the external auditors.

(e) Compliance with existing Laws and Regulations

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

(f) Other Responsibilities

(1) Place reports before the Board on periodic basis regarding findings, recommendations, regularization of the errors & omissions, fraud and forgeries and other irregularities as detected by the internal and external auditors and inspectors of regulatory authorities;

(2) Perform other oversight functions as requested by the Board and evaluate the Committee's own performance on a regular basis.

(3) Receive and review the report of the internal audit which normally prepares for the higher management.

Reporting to the Board and the Shareholders

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

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

Acknowledgement

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

M I Chowdhury
Chairman
Audit Committee

Date : March 07, 2018

AMARSTOCK

Green Banking
Activities of DBH

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

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

Environment Friendly Loan Financing

We have incorporated sustainability principles into day-to-day activities of the Company. Our aim is to do best to ensure that the credits we extend to our customers are utilized for environmentally sound and sustainable purposes. DBH complies with environmental standard while financing. Projects with likely adverse impact on environment are strongly discouraged by DBH. As an environment responsive Financial Institution, DBH ensures that the borrower has the due environmental clearance certificate from the concerned authorities while granting or renewing credit facilities. DBH has assessed environmental and social issues related to the projects at the time of granting credit facilities which reflects DBH's strong commitment in ensuring environmental and social safeguard of the projects, while creating a sense of accountability for the borrowers.

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

Improved In-house Management & Green practices

The Company has been maintaining a balanced initiative and supporting activity to contain things that may adversely affect the environment. DBH encourages rational use of energy in the office and promotes the spirit of environment friendly action plans. Reduced utilization of electricity and minimum uses of water and paper have become mandatory for the officials.

Environmental Due Diligence (EDD)

DBH maintains Environmental Due Diligence at the time of processing proposal before placing the same to Management. Few clients of DBH have found applicable for EDD and after conducting Environmental Risk Rating (EnvRR) it is found that few clients have been fallen in the category of low risk and in moderate risk level.

Report on
National Integrity Strategy

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

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

NIS and Private Sector:

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

To support the total activities of the Government of Bangladesh in establishing NIS, Bangladesh Bank has formed a National Integrity Implementation Cell and under which all banks and FIs have come together to implement the NIS within every financial institution. Accordingly, DBH has formed a 6 (six) members committee called "Ethics Committee of DBH" headed by Head of Finance of the Company as well as determined a Focal Point. The committee has undertaken the responsibilities to work closely with the Bangladesh Bank and Bangladesh government to implement the NIS and in this regards work plans for current year have been finalized.

During the period under review, total 5 (five) meetings of the Ethics committee were held and following steps had been taken under the NIS implementation program of DBH:

- Formulated the revise work plan for 2017-2018, as guided by Bangladesh Bank and accordingly, quarterly reports have been submitted to Bangladesh Bank in timely manner.
- Formed a committee called "Innovation Committee" as sub-committee of Ethics Committee, who provides idea to simplify the services to the common people.
- Published two selected rhymes from the book "Choray Choray Shuddasar" in the daily newspapers for creating awareness on integrity among the general public.
- Introduced Integrity Award (prize) to encourage the officials of the Company.
- Adopted the revised Code of Conduct for DBH, in line with the Code of Conduct issued by Bangladesh Bank.
- Introduced effective measures for combating money laundering and the financing of terrorism.
- Ensured transparency in all activities of the Company

Jashim Uddin, FCS
Focal Point
DBH, Ethics Committee

Corporate Social **Responsibility (CSR) at DBH**

Delta Brac Housing Finance Corporation Ltd. (DBH) being a corporate citizen derives the resources and benefits from operating in the society in general. It therefore, owes a solemn duty to the less fortunate and the under-privileged members of the society. Thus, Corporate Social Responsibility (CSR) is embedded in our values and informs how we conduct business.

We have put in place very strong and sensible CSR initiatives. CSR is an integral part of corporate culture and ethics of DBH.

DBH and its Customers

DBH is determined to serve its customer's needs by offering useful financial products and services, while maintaining good relationships with them. We have taken several measures to raise the bar of our service excellence to ensure that customers receive the best possible service. DBH ensures confidentiality of customers' information and attaches highest importance in complaint management. The Company strives to listen and learn from its stakeholders and to take the appropriate action where it applies, since responsible behavior towards its clients, shareholders and employees is an essential element of Company's daily business.

DBH and its Employees

DBH has established a competitive and enabling working environment to help employees perform their best. DBH is working with a vision of converting human resources into human capital through appropriate knowledge, skills, abilities and personal attribution. Creating a culture of healthy competition driven by knowledge is what we believe is the best way to prepare our employees to take up challenges of the contemporary business world. DBH ensures equal opportunities for all its employees in terms of both their personal and professional development. DBH ensures health and safety in the workplace while keeping it modern by providing all amenities for its employees. To attract talents and retain competency, we have a balanced compensation scheme comprising financial and qualitative benefits. Besides providing competitive package, DBH provides various welfare schemes to its employees.

Gender Equality and Women's Empowerment

DBH considers the responsibility for protection of human rights, gender equality and women's empowerment. DBH is successfully developing in bringing diversity in workforce in context of age, gender, ethnicity and locality. DBH strives to strike the balance between male and female employees in the workforce.

Corporate Governance at DBH

As a strong believer of sustainable growth, principles of good corporate governance form the core values of DBH. In order to achieve transparent and sound corporate governance, we have adopted international best practices to help us sustain in this globalized competitive free market economy. Corporate Governance policy of DBH recognizes the importance of the transparency to all its constituents; including employees, customers, investors and the regulatory authorities demonstrating that the shareholders are the ultimate beneficiaries of the Company 's economic activities.

DBH's corporate governance philosophy encompasses not only regulatory and legal requirements, including the BSEC Regulations and the Bangladesh Bank Guidelines in respect of corporate governance but also other practices aimed at a high level of business ethics, effective supervision and enhancement of value for all shareholders.

Environmental Awareness

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

DBH conducted various CSR activities during the period under reporting i.e. from January 1, 2017 to December 31, 2017. The highlights of the activities taken during the reporting period are as follows:

• Education:

Education is one of the basic rights for every human being. Bangladesh has enormous potential for rapid development in the world economy. The people of the country are ambitious, hardworking and well conscious regarding the value of education. Unfortunately, due to inability, some of the students are unable to get quality education. Without quality education a nation cannot develop, as education is an essential component of human development and empowerment of nation.

Considering the fact, DBH has come forward to do something in this area and engaged itself with the following projects:

Rajdhani Mohila College:

Rajdhani Mohila College, Mirpur, Dhaka had been built under the leadership of some courageous sponsors to provide quality education to the female students of lower income families in the area. Since beginning it is doing well for developing the society with quality education.

To develop the College lab facilities further, DBH took an initiative and provided them Tk. 3.50 lac during the year.

Baghapur School & College:

Nowadays, computer is the key component for the education in school and colleges. DBH provided 5 (five) computers and 1(one) printer to Baghapur School & College, Keranigonj, Dhaka for developing their computer lab in the school.

English Club of the Laboratorians (ECL):

Upon receipt of an application for donation for the development of the English Club at Laboratory School, Dhaka, DBH has come forward and provided them an amount of Tk. 0.5 lac only.

• Cultural Welfare:

To meet the demand of the common people of the area, DBH donated a sum of Tk. 1.5 lac to Chalabond KendrioJame Mosjid, Dakhin Khan, Dhaka under its cultural welfare initiative.

• National Integrity:

Under the National Integrity Strategy (NIS) program of the country, Banks and NBFIs are playing a tremendous role for creating awareness among the common people, by publishing the Rhymes to the national dailies from the Book 'Choray Choray Shuddasar" published by Bangladesh Bank.

Accordingly, DBH also published two different rhymes and spent an amount of Tk. 0.35 lac only from its CSR fund.

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

A) Scope of Application

Qualitative Disclosures:

(a) These guidelines apply to Delta Brac Housing Finance Corporation Ltd.
(b) DBH has no subsidiary companies.
(c) Not Applicable

Quantitative Disclosures:

(d) Not Applicable

B) Capital Structure

Qualitative Disclosures:

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

Tier 2 Capital includes:

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

Conditions for maintaining regulatory capital:

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

Quantitative Disclosures:

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

Particulars	Amount in Crore Taka
Paid up capital	121.85
Non-repayable share premium account	5.50
Statutory reserve	122.51
General reserve & other reserve	119.50
Retained earning	41.40
Dividend equalization account	25.00

	Amount in Crore Taka
c) The total amount of Tier 2 capital	29.68
(d) Other deductions from capital	-
(e) Total eligible capital	465.45

C) Capital Adequacy

Qualitative Disclosures

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

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

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

Strategy to Achieve the Required Capital Adequacy:

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

- Raise fresh capital by issuing bonus share/ right issue.

Quantitative Disclosures

	Amount in crore Taka
(b) Capital requirement for Credit Risk	237.46
(c) Capital requirement for Market Risk	6.55
(d) Capital requirement for Operational Risk	27.28
(e) Total and Tier 1 capital ratio:	
CAR on Total capital basis (%)	17.16
CAR on Tier 1 capital basis (%)	16.06

D) Credit Risk

Qualitative Disclosures

(a) The general qualitative disclosure requirement with respect to credit risk including:

- Definitions of past due and impaired (for accounting purposes)

As per the Bangladesh Bank's Prudential Guideline on Capital Adequacy and Market Discipline for Financial Institutions, the unsecured portion of any claim or exposure (other than claims secured by residential property) that is past due for 90 days or more, net of specific provisions (including partial write-off) will be risk weighted as per risk weights of respective balance sheet exposures. For the purpose of defining the net exposure of the past due loan, eligible financial collateral (if any) may be considered for Credit Risk Mitigation.

- Description of approaches followed for specific and general allowances and statistical methods

General provisions are maintained according to the relevant Bangladesh Bank Guideline and Specific provisions are maintained as per DBH's internal policy which is much more conservative than Bangladesh Bank Guidelines.

Discussion on FI's credit risk management policy:

Implementation of various strategies to minimize risk:

To encounter and mitigate credit risk, the following control measures are taken place at DBH:

- Vigorous monitoring and follow up by fully dedicated recovery and collection team
- Strong follow up of compliance of credit policies by appraiser and credit department
- Taking collateral, performing valuation and legal vetting on the proposed collateral by members of our own dedicated technical and legal department
- Seeking legal opinion from external lawyers for any legal issues if required
- Regular review of market situation and industry exposures
- Insurance coverage for funded assets.

In addition to the best industry practices for assessing, identifying and measuring risks, DBH also considers Guideline for Managing Core Risks of Financial Institutions issued by Bangladesh Bank for management of risks.

Approved Credit Policy by the Board of Directors

The Board of Directors has approved the credit policy for the company where major policy guidelines, growth strategy, exposure limits and risk management strategies have been described/ stated. Credit policy is regularly updated to cope up with the changing global, environmental and domestic scenarios.

Separate Credit Administration Department

An independent Credit Administration Department is in place, at DBH, to scrutinize all loans from risk-weighted point of view and assist the management in creating a high quality portfolio and maximize returns from assets. The Credit department assesses credit risks and suggests mitigations and ensures that adequate security documents are in place before sanction of loan and before disbursement of loans.

Special Recovery and Collection Team

A strong recovery team monitors the performance of the loans and advances, identifies early sign of

delinquencies in portfolio and takes corrective measures to mitigate risks, improve loan quality and to ensure recovery of loans in a timely manner including legal actions.

Independent Internal Compliance Department

Appropriate internal control measures are in place at DBH. An Internal Compliance Department has been established to ensure compliance with all internal guidelines, Bangladesh Bank guidelines, operational procedures and adequacy of internal control and documentation procedures.

Credit Evaluation

To mitigate credit risk, DBH search for credit reports from Credit Information Bureau (CIB) of Bangladesh Bank. The report is scrutinized by Credit Admin Department and Loan Operation Department to understand the liability condition and repayment behavior of the client. Depending on the reports, opinions are taken from the concerned related parties for better understanding about client's credit worthiness.

Credit Approval Process

To ensure both speedy service and mitigation of credit risk, the approval process is maintained through a multilayer system.

Depending on the size of the loan, a multilayer approval system is designed. As smaller loan are very frequent and comparatively less risky, lower sanctioning authority is set to improve processing time and associated risk. Bigger loans require more scrutiny as the associated risk is higher hence sanctioning authority is higher as well.

Early Warning System

Performance of loans is regularly monitored to trigger early warning system to address the loans and advances whose performance show any deteriorating trend. It helps the company to grow its credit portfolio with ultimate objective of protecting the interest of the stakeholders.

Methods used to measure Credit Risk

As per the directives of Bangladesh Bank, 'The Standardize Approach' is applied by the company to measure its Credit Risk.

Quantitative Disclosures

(b) Total gross credit risk exposures broken down by major types of credit exposure.

Particulars	Amount in crore Taka
Housing Loan	4,186.39
Loan against Deposit	18.34
Staff Loan	11.03
Installment Receivables	7.49
Others	1.09
Total	**4,224.34**

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

Area	Amount in crore Taka
Dhaka	3,950.61
Chittagong	250.14
Sylhet	22.03
Comilla	1.55
Total	**4,224.34**

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

Sector	Amount in crore Taka
Housing & Real Estate	4,205.04
Others	19.30
Total	**4,224.34**

(e) Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure.

Particulars	Amount in crore Taka
Repayable on demand	7.49
Not more than 3 months	308.50
Over 3 months but not more than 1 year	822.33
Over 1 year but not more than 5 years	2,259.99
Over 5 years	826.02
Total	**4,224.34**

(f) By major industry or counter party type:

i) Amount of impaired loans and if available, past due loans, provided separately

The amount of classified loans and advances of DBH are given below as per Bangladesh Bank guidelines.

Particulars	Amount in crore Taka
Housing loans up to 5 years	0.57
Housing loans over 5 years	10.93
Totals	**11.50**

ii) Specific and general provisions:

Specific and general provisions were made on the amount of classified and unclassified loans and advances of DBH.

Particulars	Amount in crore Taka
Provision on classified loans and advances	11.50
Provision on unclassified loans and advances	93.98
Total	**105.48**

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

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

Particulars	Amount in crore Taka
Provision on classified loans and advances	1.50
Provision on unclassified loans and advances	8.84
Total	**10.34**

Amount in crore Taka

(g) Gross Non Performing Assets (NPA) 11.50

Non Performing Assets (NPAs) to outstanding Loans and Advances 0.27%

Movement of Non-Performing Assets (NPAs)

Amount in crore Taka

Opening Balance	11.85
Additions	3.40
Reductions	3.75
Closing Balance	11.50

Movement of Specific Provisions for NPAs

Opening Balance	0.94
Provisions made during the period	0.17
Write-off	0.45
Written-back of excess provisions	0.00
Closing Balance	0.66

E) Equities: Banking book positions

Qualitative Disclosures

(a) The general qualitative disclosure requirement with respect to equity risk, including:

Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons. Discussion of important policies covering the valuation and accounting of equity holdings in the banking book positions. This includes the accounting techniques and valuation

methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices.

Quoted shares are valued at cost prices and if the total cost of a particular share is lower than the market value of that particular share, then provision are maintained as per terms and conditions of regulatory authority. Mutual funds have been valued at 85% of latest published NAV available as on December, 2017. On the other, unquoted share is valued at cost price or book value as per latest audited accounts.

Quantitative Disclosures

(b) Value disclosed in the balance sheet of investments, as well as the fair value of those investments, for quoted securities, a comparison to publicly quoted share values where share price is materially different from fair value.

Particulars	Amount in crore Taka
Quoted shares (Market price)	33.80
Quoted shares (Cost Price)	35.27
Unquoted shares	1.20

Breakup of Total Investment	
Particulars	**Amount in crore Taka**
Government securities	0.11
Non marketable securities	5.45
Preference share	13.00
Investment in share (lock-in)	0.47
Marketable Securities	35.27
Commercial paper	10.00

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

Particulars	Amount in crore Taka
Cumulative realized gain (loss)	1.65

(d)

Particulars	Amount in crore Taka
Total unrealized gains(Losses)	(1.06)
Total latent revaluation gains (Losses)	-
Any amounts of the above included in Tier 2 Capital	-

(e) Capital requirements broken down by appropriate equity groupings, consistent with FI's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory provisions regarding regulatory capital.

Specific Risk –Market value of investment in equities is BDT 33.80 crore. Capital requirement is 10% of the said value which stands at BDT 3.38 crore.

General Risk – Market value of investment in equities is BDT 33.80 crore. Capital requirement is 10% of the said value which stands at BDT 3.38 crore.

F) Interest rate in the banking book

Qualitative Disclosures

(a) The general qualitative disclosure requirement including the nature of interest risk and key assumptions, including assumptions regarding loan prepayments and behavior of non-maturity deposits.

Interest rate risk in the banking book arises from mismatches between the future yield of assets and their funding cost. Assets Liability Committee (ALCO) monitors the interest rate movement on a regular basis.

DBH measures the interest rate risk by calculating maturity gap between Risk Sensitive Assets (RSA)

and Risk Sensitive Liabilities (RSL) i.e. a positive maturity gap affect company's profitability positively with the increment of interest rate and negative maturity gap affects company's profitability adversely with the increment of interest rate.

Quantitative Disclosures

(b) The increase (decline) in earning or economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring interest rate risk broken down by currency (as relevant).

Interest Rate Risk-Increase in Interest Rate: (BDT in Crore) Where applicable

Particulars	Maturity wise Distribution of Assets-Liabilities				
	1 to 30/31 day (One month)	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year
A. Total Rate Sensitive Liabilities (A)	366.90	142.85	153.74	141.56	1,389.88
B. Total Rate Sensitive Assets (B)	561.16	181.57	244.52	320.68	550.37
C. Mismatch	194.26	38.71	90.77	179.12	-839.51
D. Cumulative Mismatch	194.26	232.97	323.74	502.87	-336.64
E. Mismatch (%)	52.95%	27.10%	59.04%	126.54%	-60.40%

Interest Rate Risk			
Magnitude of Shock	Minor	Moderate	Major
	2%	4%	6%
Change in the Value of Bond Portfolio (BDT in Crore)	0.00	0.00	0.00
Net Interest Income (BDT in Crore)	-6.73	-13.47	-20.20
Revised Regulatory Capital (BDT in Crore)	458.72	451.98	445.25
Risk Weighted Assets (BDT in Crore)	2,712.48	2,712.48	2,712.48
Revised CAR (%)	16.91%	16.66%	16.41%

G) Market Risk

Qualitative Disclosures

(a) Views of BOD on trading/investment activities

All the Market risk related policies/guidelines are duly approved by BOD. The BOD sets limits, reviews and updates the compliance on regular basis aiming to mitigate market risk.

Method used to measure Market risk

Market risk is the probability of losing assets in balance sheet and off-balance sheet position arising out of volatility in market variables i.e. interest rate, exchange rate and prices of securities. In order to calculate the market risk for trading book purposes the company uses Standardize (rule based) Approach. Capital charge for interest rate risk and foreign exchange risk is not applicable to our company as because we do not have such balance sheet items.

Market Risk Management System

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

Interest Risk Management

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

Market analysis

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

GAP analysis

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

Continuous Monitoring

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

Equity Risk Management

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

Equity Risk is managed by the following manner:

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

Quantitative Disclosures

(b) The capital requirements for Market Risk:

Amount in crore Taka

Interest rate risk	-
Equity position risk	6.76
Foreign Exchange Position and Commodity risk (If any)	-

H) Operational Risk:

Qualitative disclosure:

a) Views of Board on the system to reduce Operational Risk:

All the policies and guidelines of internal control and compliances are established as per advice of the Board. The Board delegates its authority to Executive Committee and Managing Director. Audit Committee of the Board oversees the activities of internal Control and compliance as per good governance guideline issued by Securities and Exchange Commission.

Performance gap of executives and staff

DBH's recruitment policy is based on retaining and attracting the most suitable people at all levels of the business and this is reflected in our objective approach to recruitment and selection. The approach is based on the requirements of the job (both now and in future), matching the ability and potential of the individual. Qualification, skills and competency form our basis for nurturing talent. Favorable job responsibilities are increasingly attracting greater participation from different level of employees in the DBH family. We aim to foster a sense of pride in working for DBH and to be the employer of choice. As such there exists no performance gap in DBH.

Potential external events

No such potential external event exists to raise operational risk of DBH at the time of reporting.

Policies and Procedure for mitigating operational risk

DBH has established a strong Internal Control Department to address operational risk and to frame and implement policies to deter such risks. Internal Control Department assesses operational risk across the company and ensures that appropriate framework exists to identify, assess and manage operational risk.

Approach to calculating capital charge for operational risk:

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. DBH uses basic indicator approach for calculating capital charge against operational risk i.e. 15% of average positive annual gross income of the company over last three years.

Quantitative Disclosures:

b) Capital requirement for operational risk:

Amount in crore Taka

Capital requirement for operational risk:	27.28

Report on Going Concern
Status of DBH

Delta Brac Housing Finance Corporation Ltd. (DBH) is a non-banking financial institution and continuing its business since 1997, as going concern basis. Financial Statements of a Company are required to be prepared on the basis of going concern concept as per Bangladesh Accounting Standard (BAS)-1. Under this concept it is assumed that the Company will continue its business indefinitely and will not cease trading or liquidate and therefore the Company must be able to generate enough resources to stay operational.

The Board of Directors of Delta Brac Housing Finance Corporation Limited have made annual assessment about whether there exists a material uncertainty which may cast significant doubt upon the Company's ability to continue as going concern. The Director's assessment of whether the company is a going concern entity involves making appropriate inquiries including review of budget and future outcome of inherent uncertainties in existence. The Directors are convinced from the following indications, which give reasonable assurance as to company's continuance as a going concern for the foreseeable future.

Financial Indications

Less reliance on short term borrowing:

At the end of December 2017, total short term borrowings of the Company were Taka 3,905 million, representing only 7.78% of total liabilities that indicates the Company has least reliance on short term borrowings.

Continuous financial support from depositors:

The Company has a very good track record and reputation in settlement of its obligation with its lenders/depositors. So, we enjoy easy and fair access to the funding sources to meet our increasing need for growth. By the end of December 31, 2017 our deposit portfolio has increased by 19.75%, which reflect the growing confidence of depositors/lenders on DBH.

Positive operating cash flows:

Cash flow statement of the Company for the period ended on December 31, 2017 shows optimistic operating cash flows of Taka 2,018 million.

Positive key financial ratios:

The Company has very positive financial ratios as evident from financial summary given on page -22 of this Annual Report. Such positive financial ratios indicate Company's sound financial strength and good prospects.

Consistent payment of dividends:

The Company has been paying dividend consistently to its shareholders before listing that reflects Company's long-term viability in operational existence over many years. Historical dividend payment record has been given on page 24 of this Annual Report.

Credibility in payment of obligations:

The Company has strong sincerity in terms of payment of its obligations to the lenders. The Company is very particular in fulfilling the terms of loan agreement.

Fixed deposit with realistic renewal or repayment:

At the close of 12 months period ended on December 31, 2017, total fixed deposits of the Company were Taka 41,188 million. Based on past experience, we can say that there is every possibility that major part of the deposit would be renewed further.

Operating Performance growth:

Though the overall financial sectors suffered during the year, DBH has maintained growth in its operating performance. Company's total loans & advances have increased from Taka 35,838 million to Taka 42,243 million indicating a growth of 17.87% from December 2016. Total consolidated operating income is Taka 1,369 million and total profit after tax is Taka 949 million at the close of the December 31, 2017. All those indicators support Company's continuance in foreseeable periods.

Operating Indications

Diversified deposit product:

Company has also expanded its products/ services line by introducing products like Annual Income Deposit, Monthly Income Deposit, Quarterly Income Deposit, Cumulative Deposit, Flexible Fixed Deposit, Profit First Deposit, and Easy way Deposit etc.

Corporate environment and employee satisfaction:

There exists a very good corporate environment in the Company. DBH is an excellent work place with friendly environment. Communication among the employees is very excellent. The company endeavors to be honest and practices fair treatment to all employees which ensures good corporate environment. The Company pays a very competitive compensation package and there exists a good number of employee benefits like transport benefit, maternity benefit, performance bonus, gratuity, provident fund etc., which considered to be instrumental for employee satisfaction.

Other Indications

Credit rating

DBH has been assigned the highest long term rating of 'AAA' and short term rating of 'ST-1' for 12 (twelve) consecutive year which indicates the consistent upholding of good capital base, quality of assets, good franchise value and management excellence supported by a sound corporate structure.

Maintenance of sufficient capital:

As on December 31, 2017, the Company's total paid-up capital stands at Taka 1218.52 million, while the minimum paid-up capital as required by Bangladesh Bank is Taka 1,000.00 million. DBH's capital adequacy ratio is 17.16% against minimum requirement of 10% as set by the regulator under Basel-II.

Strong equity base:

As on December 31, 2017, total equity of the Company stands at Taka 4,358 million representing an increase of 21% over December 2016 that reflects company's long-term viability.

Changes in Government policy:

Management anticipates no significant change in legislation or government policy, which may materially affect the business of the Company.

Based on the above indications, Directors feel it is appropriate to adopt going concern assumption and there is no material uncertainty in preparing the financial statements. Adequate disclosures have been made in the financial statements and different sections of the annual report to understand the appropriateness of going concern basis in preparing financial statements.

Directors' Responsibility **Statement**

Responsibility to Financial Statements

The Board of Directors of Delta Brac Housing Finance Corporation Limited would like to inform that the audited accounts containing the Financial Statements for the year ended 31st December 2017 are in conformity with the requirements of the Companies Act- 1994, Financial Institutions Act- 1993, International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted by ICAB, Securities & Exchange Rules-1987 and the Listing Regulations of Dhaka and Chittagong Stock Exchanges and they believe that the financial statements reflect fairly the form and substance of transactions carried out during the year and reasonably present the Company's financial condition and results of operations. These Financial Statements are audited by the Statutory Auditors, M/s. S F Ahmed & Co. Chartered Accountants, Dhaka.

In accordance with the provisions of section 185 of the Companies Act- 1994 and based on the information provided by the management, your directors state that:

(i) In the preparation of accounts, the applicable accounting standards have been followed;

(ii) They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st December, 2017 and the profit of the Company for the year ended on that date;

(iii) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act- 1994 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

(iv) They have prepared the annual accounts on going concern basis.

Responsibility to Internal Control System

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

Opinion of the External Auditors

M/s. S F Ahmed & Co., Chartered Accountants, the external auditors of the Company have carried out annual audit to review the system of internal controls, as they consider appropriate and necessary, for expressing their opinion on the financial statements. They have also examined the financial statements made available by the management together with all the financial records, related data, minutes of shareholders meeting and board meetings, relevant policies and expressed their opinion.

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Certification on Financial Statements by **CEO and CFO**

The financial statements for the year ended on December 31, 2017 of Delta Brac Housing Finance Corporation Ltd. are prepared in compliance with International Accounting Standard (IAS)/Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standards (IFRS)/ Bangladesh Financial Reporting Standard (BFRS), as applicable in the Country, and any departure there-from has been adequately disclosed.

The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view. The form and substance of transactions and the Company's state of affairs reasonably presented. To ensure this, the Company has taken proper and adequate care in installing a system of internal control and accounting records. Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed. However, there are inherent limitations that should be recognized in weighing the assurance provided by any system of internal controls and accounting.

In this regard, we also certify to the Board that:-

(i) We have reviewed financial statements for the period and that to the best of our knowledge and belief:

   a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   b) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.

(ii) There are, to the best of knowledge and belief, no transaction entered into by the Company during the year which are fraudulent, illegal or violation of the Company's code of conduct.

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

Syed Aminul Islam
Head of Finance

Report on
Human Resources

DBH believes that its best investment is in the human resources, as the Company trusts that human resource is the edifice on which the company's performance and productivity are standing on. As human resources are one of the key success factors of the company, DBH maintains its policy of recruiting the very best and implementing continuous programs to develop, motivate and retain its talented and capable human resources.

HR Planning

DBH focus on hiring the right person for the right position and also concentrate on the proper development and motivation of the personnel. HR Department, in consultation with other departments, forecasts the future manpower requirements. Then we meet such requirements through recruitment, talent development and succession planning.

The objective of DBH is to recruit the dynamic people who are best suited for the particular job. We also meet our HR requirements through job rotations and job changes. Besides this, the Company places high emphasis on strategy for retention of good performers as well.

In the year under review, total 63 new regular employees were hired of which number of male employees was 53 and female employees was 10. During the year 2017, 50 regular employees were separated from the services of the Company.

Since its human resources gives DBH a clear competitive edge, DBH always aspires of hiring the best of the people with diverse backgrounds. Thus the focus always remains on fostering talent, unleashing potential and providing long-term career growth. Career development at DBH is solely based on merit, performance and productivity.

Training and Development

In a bid to keep up with the pace of ever changing business world with regard to altering business processes, embracing technological changes and meet up new compliance and regulatory requirements DBH undertakes training and development plan for its employees and arranges in-house functional training sessions as well as sends them over for attending public training programs.

During the year, a total of 24 training programs were conducted where 186 employees participated. Number of in-house training was 10, external training was 13 and overseas training was 1. In these training programs, the Company spent about BDT 11.70 lac in the year 2017.

Performance Appraisal and Reward

All employees of the Company undergo a formal performance appraisal each year. Also, a mid-year review is done half-yearly. The performance appraisal helps to emphasize on the career growth of our employees and also helps to identify the training needs. This process ensures that the efforts and contributions of each employee are properly recognized and rewarded.

Health, Safety and Employee Well-being

Healthy employees are productive and sustainably engaged in their workplace. We always comply with internal workplace health and safety policies.

All our branches are well equipped with fire alarms, fire extinguishers etc. In addition, periodic fire drills are carried out to test the effectiveness of the fire safety system. Our branches are also equipped with first aid kits.

We have group insurance and hospitalization insurance coverage for the employees.

All our employees enjoy earned leave of 24 days including mandatory annual leave of 2 weeks. Our female employees are entitled to get maternity leave of six months.

Grievance Management

At DBH, our employees are encouraged to come forward and inform about anything to the management, which are not aligned with the Core Values of DBH. It is the policy of Company to handle employee complaint promptly and fairly. The management always entertains any kind of complaint or a state of dissatisfaction. The management has set principles and procedures for handling any kind of complaints of the employees. Complaints are handled strictly and actions are taken based on the merit of the issues.

Benefits Policy

DBH has the following benefits and facilities for its employees:

- Festival Bonus
- Provident Fund
- Gratuity
- Employee loan facilities (home loan, car loan & personal loan) at a subsidized rate
- Group insurance and health insurance coverage
- Annual Incentive Bonus based on performance
- Reward and recognition for employees' hard work and dedication to the Company

Human Resource Accounting

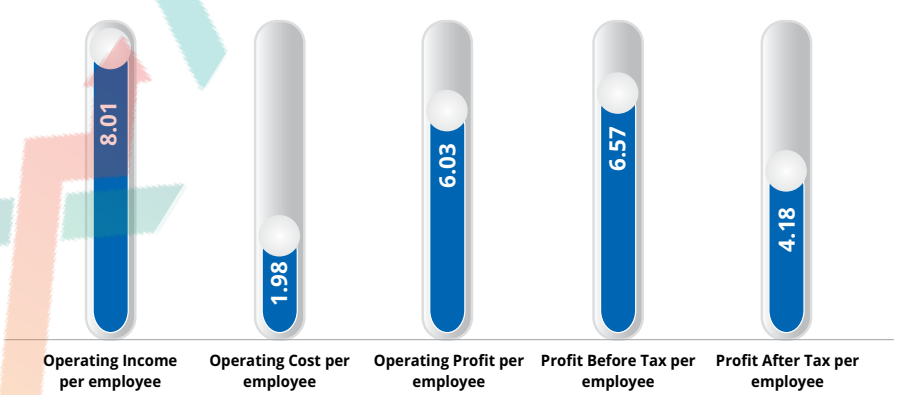
Human Resources Accounting, also known as Human Asset Accounting, involved identifying, measuring, capturing, tracking and analyzing the potential of the human resources of a company and communicating the resultant information to the stakeholders of the company. It was a method by which a cost was assigned to every employee when recruited, and the value that the employee would generate in the future. Human Resource Accounting reflects the potential of the human resources of an organization in monetary terms, in its financial statements.

In 2017, the number of regular employees is 227. Per employee productivity (in BDT million) is as follows:

Operating Income per employee	8.01
Operating Cost per employee	1.98
Operating Profit per employee	6.03
Profit Before Tax per employee	6.57
Profit After Tax per employee	4.18

Per Employee Productivity

(in million)

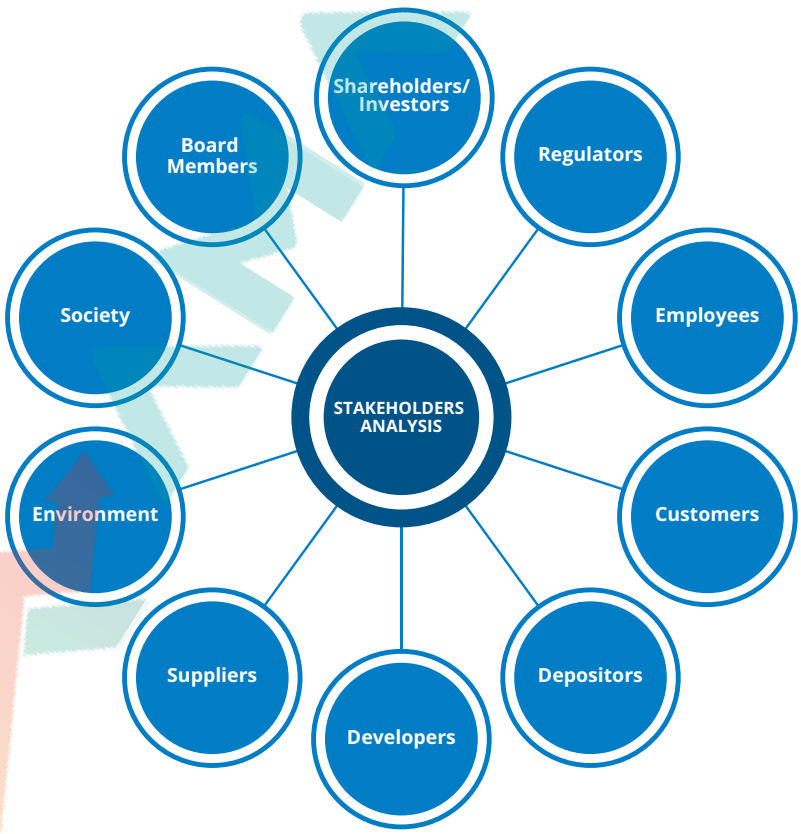


Stakeholders **Analysis**

DBH continues to be an industry leader in the housing finance because of its ability to read the market well and keep a customer focused product and service bouquet at the best pricing. We recognise that we compete and operate on the basis of trust, and that it is our stakeholders who are the ultimate mediators of our legitimacy, and therefore our sustainability.

Our journey is to continue the relationships we have created and nurtured with our Stakeholders; our Customers, our Employees, our Depositors, our Regulators, our Shareholders, our Community & Environment. Transparency in our dealings, proactive communication with existing and new customers, best-in-class technology and processes for enhanced efficiency have all bundled to offer a robust customer centric delivery mechanism. Our powerful communication to engage with potential customers and the community at large has proved effective in seeding the thought of home ownership.

We cooperate with all our stakeholders in order to create sustainable value, and to help achieve objectives in a mutually beneficial way. These relationships, through which we hope to create a better tomorrow, for ourselves and all our stakeholders. In order to report, we identified following parties as our key stakeholders, from a sustainability perspective.



Stakeholders	Importance of Stakeholders	Influence by Stakeholders on DBH	DBH's Influence on Stakeholders
Shareholders / Investors	Investors remain DBH's key stakeholder, who having invested capital, requires information on a continuous basis to track DBH's performance and achievements in enhancing shareholders wealth.	High	High
Regulators	As a listed Finance Company and a holder of public deposits, various regulatory bodies are engaged to know DBH's progress, to establish the level of safety, soundness and compliance status.	High	High
Employees	Employees are considered DBH's most valuable asset and key to DBH's continued success. Employees are deemed key stakeholders as they drive DBH's businesses forward. They wish to grow with the Company and develop their careers to that they aspire to be, hand-in-hand, whilst the Company progresses.	High	High
Customers	We consider customers as the bread and butter of DBH's business, who remain interested as they transact with DBH on an ongoing basis. It is important for DBH to sustain business and build bonds with them as the loan period is longer comparing the loan provided by Banks and NBFIs in other sectors.	High	High
Depositors	Funding providers, depositors are an important component of DBH's business, as they support DBH in meeting funding needs. It is necessary to sustain a continued relationship, which will yield mutual benefit for both parties.	High	High
Developers	Suppliers of basic lodging unit to our customers are the developers, and they are the key partners of DBH's business. Most of the businesses of DBH are sourced from developers, as the long term partnerships are proven with mutual benefit.	High	High
Suppliers	Material suppliers have become increasingly important to DBH with the expansion of its network and increasing requirement for stationery and other related supplies.	Medium	Medium
Environment	In an era where protection of environment and its resources has become vital, DBH considers environment aspects of high importance, particularly when DBH considers the project financing to the developers.	Medium	Medium
Society	Society has varying expectations on DBH especially from a broader sustainability perspective. Apart from financial needs, they require corporate to act in a socially responsible manner, for societal benefit.	Medium	Medium
Board Members	Board members are part of the investors/ shareholders. But for the roles and responsibilities, Board members remain vital. By overseeing the management activities, they are providing endless support for DBH's success.	High	High

Annual Report
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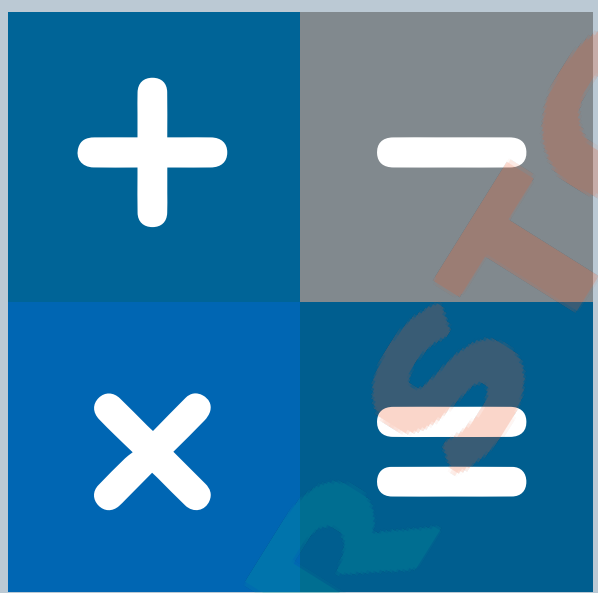

DELTA BRAC HOUSING FINANCE CORPORATION LIMITED

Auditors' Report and Financial Statements

as at and for the year ended 31 December 2017

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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 and 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 these 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.

S. F. Ahmed

Dated, Dhaka;
March 07, 2018

S. F. Ahmed & Co.
Chartered Accountants

Balance Sheet

As at 31 December 2017

	Notes	31 December 2017 Taka	31 December 2016 Taka
PROPERTY AND ASSETS			
Cash		**634,064,843**	**558,798,869**
In hand	3.1	89,700	68,427
Balance with Bangladesh Bank and its agent Bank	3.2	633,975,143	558,730,442
Balance with other banks and financial institutions		**10,697,156,711**	**9,272,864,801**
In Bangladesh	4.1	10,697,156,711	9,272,864,801
Outside Bangladesh		-	-
Money at call on short notice	5	-	-
Investments	6	**643,028,086**	**441,258,646**
Government		1,145,176	1,057,687
Others		641,882,910	440,200,959
Loans and advances		**42,243,352,611**	**35,838,371,384**
Loans and advances	7	42,243,352,611	35,838,371,384
Fixed assets including land, building, furniture and equipments	8	**178,470,140**	**157,513,532**
Other assets	9	**184,780,123**	**202,898,065**
Total Assets		**54,580,852,514**	**46,471,705,297**
LIABILITIES AND CAPITAL			
Liabilities			
Borrowing from other banks and financial institutions	10	**6,515,419,275**	**6,080,579,105**
Deposits and other accounts		**41,187,889,744**	**34,393,955,116**
Fixed deposits	11	41,187,889,744	34,393,955,116
Other deposits		-	-
Other liabilities	12	**2,519,907,282**	**2,405,758,399**
Total Liabilities		**50,223,216,301**	**42,880,292,620**
Shareholders' equity			
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
Total equity		**4,357,636,213**	**3,591,412,677**
Total liabilities and Shareholders' equity		**54,580,852,514**	**46,471,705,297**
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	17.1		
Acceptances and endorsement		-	-
Letter of guarantee		-	-
Irrevocable letter of credits		-	-
Bills for collection		-	-
Other contingent liabilities		223,985,758	16,739,437
Total contingent liabilities		**223,985,758**	**16,739,437**
Other commitments	17.2		
Documentary credit & short-term trade related transaction		-	-
Forward assets purchased and forward deposit placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		605,634,964	638,770,000
Total other commitments		**605,634,964**	**638,770,000**
Total Off-Balance Sheet items including contingent liabilities		**829,620,722**	**655,509,437**

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. Choudhury
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

Profit and Loss Account

For the year ended 31 December 2017

	Notes	01 January 2017 to 31 December 2017 Taka	01 July 2016 to 31 December 2016 Taka
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)
Net Interest Income		**1,605,798,609**	**779,284,806**
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
Total operating income		**1,817,883,405**	**884,692,404**
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
Total operating expenses		**449,179,007**	**202,628,181**
Profit before provisions		**1,368,704,398**	**682,064,223**
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
Total provisions		**(123,773,974)**	**79,154,052**
Profit before tax		**1,492,478,372**	**602,910,171**
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
Profit after tax		**949,001,301**	**330,809,408**
Appropriations			
Statutory reserve		189,800,260	66,161,882
General reserve		112,000,000	-
		301,800,260	66,161,882
Retained surplus		**647,201,041**	**264,647,526**
Earnings Per Share	33	**7.79**	**2.71**

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Cash Flow Statement

For the year ended 31 December 2017

	01 January 2017 to 31 December 2017 Taka	01 July 2016 to 31 December 2016 Taka
Cash flows from operating activities		
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
Increase/(decrease) in operating assets and liabilities		
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
Net cash generated from operating activities	**2,018,388,109**	**3,646,268,163**
Cash flows from investing activities		
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
Net cash used in investing activities	**(170,028,559)**	**(18,246,803)**
Cash flows from financing activities		
Cash dividend paid	(182,777,765)	(348,148,125)
Net cash used in financing activities	**(182,777,765)**	**(348,148,125)**
Net increase in cash and cash equivalents	**1,665,581,785**	**3,279,873,235**
Cash and cash equivalents (net off overdraft) at the beginning of the period	**9,150,340,071**	**5,870,466,836**
Cash and cash equivalents (net off overdraft) at the end of the period	**10,815,921,856**	**9,150,340,071**

Notes:

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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)
Balance at December 31, 2017	**1,218,518,430**	**55,000,000**	**1,225,083,409**	**1,445,040,000**	**413,994,374**	**4,357,636,213**
Balance at December 31, 2016	**1,218,518,430**	**55,000,000**	**1,035,283,149**	**1,058,040,000**	**224,571,098**	**3,591,412,677**

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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
Assets						
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
Total Assets	**10,249,902,084**	**4,310,292,919**	**8,868,410,186**	**22,795,458,347**	**8,356,788,978**	**54,580,852,514**
Liabilities						
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
Total liabilities	**5,038,096,702**	**3,495,055,551**	**18,646,354,226**	**1,356,758,404**	**21,686,951,418**	**50,223,216,301**
Net liquidity gap	**5,211,805,382**	**815,237,368**	**(9,777,944,040)**	**21,438,699,942**	**(13,330,162,440)**	**4,357,636,213**

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 & 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 in respect of non performing loans when installments are outstanding for more than six months and any other overdue accounts on the basis of management's assessment where there are possibilities of impairment in future. The Company has made adequate provision which is more than the minimum regulatory requirement.

2.20 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

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

Name of the BFRS	BFRS No.	Status
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 Taka	31 December 2016 Taka
3	**Cash**		
3.1	**Cash in hand**		
	Local Currency	89,700	68,427
	Foreign Currency	-	-
		89,700	**68,427**

		31 December 2017 Taka	31 December 2016 Taka
3.2	**Balance with Bangladesh Bank and its agent bank**		
	Bangladesh Bank:		
	Local Currency	632,397,734	558,509,075
	Foreign Currency	171,818	162,233
		632,569,552	558,671,308
	Balance with Sonali Bank being an agent of Bangladesh Bank	1,405,591	59,134
		633,975,143	**558,730,442**

3.3 Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR)

Cash Reserve Requirement and Statutory Liquidity Reserve have been calculated and maintained in accordance with Financial Institution Act - 1993 and Financial Institution Rules - 1994 and 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.

3.3.1	**Cash Reserve Requirement (CRR)**		
	Required reserve	588,694,942	554,725,903
	Actual average reserve maintained	703,448,145	582,640,956
	Surplus/(deficit)	**114,753,203**	**27,915,053**
3.3.2	**Statutory Liquidity Reserve (SLR)**		
	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)	**2,507,197,953**	**2,139,868,489**
4	**Balance with other banks and financial institutions**		
	In Bangladesh (Note 4.1)	10,697,156,711	9,272,864,801
	Outside Bangladesh	-	-
		10,697,156,711	**9,272,864,801**
4.1	**In Bangladesh**		
	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
		10,697,156,711	**9,272,864,801**

		31 December 2017 Taka	31 December 2016 Taka
4.2	**Maturity grouping of balance with other banks and financial institutions**		
	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 months but not more than 6 months	450,000,000	850,000,000
	Over 6 months but not more than 1 year	-	-
	Over 1 year but not more than 5 years	-	-
	Over 5 years	-	-
		10,697,156,711	**9,272,864,801**
5	**Money at call on short notice**	-	-
6	**Investments**		
	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
		643,028,086	**441,258,646**

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
		54,499,500	**14,499,500**

6.2 Investment in marketable securities

Sectors	Market price 31 December 2017 Taka	Cost price	Cost 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
	337,954,188	**352,669,930**	**285,701,460**

		31 December 2017 Taka	31 December 2016 Taka

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
	643,028,086	**441,258,646**

7 Loans and advances

Inside Bangladesh

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	-
	42,243,352,611	**35,838,371,384**
Outside Bangladesh	-	-
	42,243,352,611	**35,838,371,384**

7.1 Maturity grouping of loans and advances

Repayable on demand	74,917,996	92,991,586
Not more than 3 months	3,085,023,910	2,305,512,679
Over 3 months but not more than 1 year	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
	42,243,352,611	**35,838,371,384**

7.2

a) Loans and advances to institutions in which directors have interest	-	-
b) Loans and advances to chief executive	-	-
c) Loans and advances to senior executives	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	-
	42,243,352,611	**35,838,371,384**

	31 December 2017 Taka	31 December 2016 Taka
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
	42,243,352,611	**35,838,371,384**

7.3 Loans and advances - geographical location-wise

Inside Bangladesh:		
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	-
	42,243,352,611	**35,838,371,384**
Outside Bangladesh:	-	-
	42,243,352,611	**35,838,371,384**

7.4 Details of large loans and advances

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

7.5 Particulars of Loans and advances

i) Loans and advances considered good in respect of which the financial institution is fully secured.	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.	-	-
	42,243,352,611	**35,838,371,384**
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.	-	-

	31 December 2017 Taka	31 December 2016 Taka
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
	42,128,346,806	**35,708,387,456**
Classified:		
Sub-standard	38,842,972	44,748,033
Doubtful	17,849,445	17,910,014
Bad/loss	58,313,388	67,325,881
	115,005,805	**129,983,928**
	42,243,352,611	**35,838,371,384**

	31 December 2017 Taka	31 December 2016 Taka

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

8 Fixed assets including land, building, furniture and equipment:

Freehold assets (Cost):		
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
	291,738,049	264,143,636
Less: Accumulated depreciation	113,267,909	106,630,104
	178,470,140	**157,513,532**

Detailed are shown in annexure A.

9 Other assets

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
	184,780,123	**202,898,065**

9.1 Account receivables

Interest receivable	118,403,125	115,934,706
Dividend receivable	7,810,671	10,336,154
Sundry receivable	2,505,196	5,267,817
	128,718,992	**131,538,677**

9.2 Advances, deposits and prepayments

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
	51,317,382	**62,571,244**

		31 December 2017 Taka	31 December 2016 Taka
9.3	**Deferred tax assets**		
	Opening balance	5,622,579	6,312,952
	Add: Addition during the period/year (Note-9.3 a)	3,801,667	690,373
		1,820,911	**5,622,579**
9.3 a	**Calculation of deferred tax**		
	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	3,220,300	4,117,758
	Applicable tax rate	40%	40%
	i) Deferred tax assets on fixed assets	1,288,120	1,647,103
	Carrying amount-Loss on sale of securities	5,327,916	39,754,756
	Tax base	-	-
	Deductible temporary difference	5,327,916	39,754,756
	Applicable tax rate	10%	10%
	ii) Deferred tax assets on loss on sale of securities	532,792	3,975,476
	Total deferred tax assets (i+ ii)	1,820,912	5,622,579
	Deferred tax (liability)/assets at the beginning of the year	5,622,579	6,312,952
	Deferred tax income/(Expense)	**3,801,667**	**690,373**
10	**Borrowing from other banks and financial institutions**		
	Inside Bangladesh (Note 10.1)	6,515,419,275	6,080,579,105
	Outside Bangladesh	-	-
		6,515,419,275	**6,080,579,105**
10.1	**Inside Bangladesh**		
	a) Secured Short-term & long-term loans:		
	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
		2,833,160,000	**2,286,340,000**
	b) Unsecured long-term loan:		
	Bangladesh Bank (Housing refinance)	2,496,959,577	2,772,915,507
		2,496,959,577	**2,772,915,507**

		31 December 2017 Taka	31 December 2016 Taka
	c) Bank overdraft:		
	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
		515,299,698	**681,323,598**
	d) Call loans:		
	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
		670,000,000	**340,000,000**
	Total inside Bangladesh(a+b+c+d)	**6,515,419,275**	**6,080,579,105**
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
		6,515,419,275	**6,080,579,105**

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
		6,515,419,275	**6,080,579,105**

		31 December 2017 Taka	31 December 2016 Taka
11	**Deposits and other accounts**		
	Fixed deposits (Note: 11.1)	**41,187,889,744**	**34,393,955,116**
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	**41,187,889,744**	**34,393,955,116**
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
		41,187,889,744	**34,393,955,116**
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
		41,187,889,744	**34,393,955,116**
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
		2,519,907,282	**2,405,758,399**
12.1	**Provision for loans and investment**		
	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	**1,065,411,155**	**1,190,938,075**

		31 December 2017 Taka	31 December 2016 Taka
12.1.1	**General provision**		
	Opening balance	357,826,440	335,180,568
	Charged during the period/year	65,209,488	22,645,872
	Closing balance	**423,035,928**	**357,826,440**
12.1.2	**Specific provision**		
	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	**631,742,885**	**802,085,240**
12.1.3	**Provision on loans and advances**		
	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
		(103,379,921)	**78,622,963**
12.1.4	**Provision for diminutions in the value of investments**		
	Opening balance	31,026,395	30,495,306
	Provision charged/(released) during the period/year	(20,394,053)	531,089
	Closing balance	**10,632,342**	**31,026,395**
12.2	**Provision for income tax including deferred tax**		
	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)
		306,956,346	**67,146,901**
	Deferred tax liability	-	-
	Closing balance	**306,956,346**	**67,146,901**
12.3	**Interest suspense**		
	Opening balance	46,305,240	42,314,134
	Interest suspended during the period/year	-	3,991,106
	Written off suspended interest during the period/year	(7,031,847)	-
	Closing balance	**39,273,393**	**46,305,240**
12.4	**Other payables**		
	Interest payable on deposit & loans	826,127,703	812,363,200
	Sundry creditors	92,663,355	126,646,512
	Unclaimed instruments	13,182,207	29,543,932
	Payable to clients	83,953,102	71,997,758
	Loan under litigation	4,935,579	3,989,600
	Privileged creditors	84,237,142	53,569,494
	Liability for expenses	3,167,300	3,257,688
		1,108,266,388	**1,101,368,183**

		31 December 2017 Taka	31 December 2016 Taka
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
		2,000,000,000	**2,000,000,000**
13.2	**Issued, subscribed, called and paid -up capital**		
	Ordinary shares		
	121,851,843 Ordinary shares of Taka 10 each (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
		1,218,518,430	**1,218,518,430**

13.3 Capital of the Company is held by the following shareholders

	31 December 2017	
Ordinary shares	No. of shares	Taka
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
	71,546,125	**715,461,250**
Foreign shareholders:		
General shareholders	50,305,718	503,057,180
	50,305,718	**503,057,180**
	121,851,843	**1,218,518,430**

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)	**4,357,636,213**	**3,591,412,677**

		31 December 2017 Taka	31 December 2016 Taka
	Deductions from Tier-1 (Core Capital)		
1.11	Book value of Goodwill and value of any contingent assets which are shown as assets	-	-
1.12	Shortfall in provisions required against classified assets	-	-
1.13	Shortfall in provisions required against investment in shares	-	-
1.14	Remaining deficit on account of revaluation of investments in securities after netting off from any other surplus on the securities.	-	-
1.15	Any investment exceeding the approved limit.	-	-
1.16	Investments in subsidiaries which are not consolidated	-	-
1.17	Increase in equity capital resulting from a securitization exposure	-	-
1.18	Other (if any)	-	-
1.19	Sub Total (1.11-1.18)	-	-
1.20	**Total Eligible Tier-1 Capital (1.10-1.19)**	**4,357,636,213**	**3,591,412,677**
	2 .Tier-2 (Supplementary Capital)		
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	**Total Eligible Tier-2 Capital (2.7-2.8)**	296,827,503	265,707,411
	Total capital	**4,654,463,716**	**3,857,120,088**
	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
	55,000,000	**55,000,000**

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	**1,225,083,409**	**1,035,283,149**

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

		31 December 2017 Taka	31 December 2016 Taka
16	**Other reserves**		
	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
		1,445,040,000	**1,058,040,000**

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	**1,075,000,000**	**850,000,000**
16.2	**General reserve**		
	Opening balance	8,000,000	8,000,000
	Add: addition during the period/year	112,000,000	-
	Closing balance	**120,000,000**	**8,000,000**
16.3	**Dividend equalization reserve**		
	Opening balance	200,000,000	200,000,000
	Add: addition during the period/year	50,000,000	-
	Closing balance	**250,000,000**	**200,000,000**
17	**Business commitments and contingencies**		
17.1	**Contingent liabilities**	**223,985,758**	**16,739,437**

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	-	-

		31 December 2017 Taka	31 December 2016 Taka
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.

		01 January 2017 to 31 December 2017	01 July 2016 to 31 December 2016
18	**Interest income**		
	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
		4,573,375,022	**2,103,403,716**
19	**Interest paid on deposits and borrowings etc.**		
	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
		2,967,576,413	**1,324,118,910**
20	**Income from investments**		
	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
		43,484,977	**21,046,384**
21	**Commission, exchange and brokerage**		
	Loan fees	104,985,914	48,074,260
	Other charges and fees	44,931,282	24,755,845
		149,917,196	**72,830,105**
22	**Other operating income**		
	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
		18,682,623	**11,531,109**

		01 January 2017 to 31 December 2017	01 July 2016 to 31 December 2016
23	**Salary and allowances**	**292,768,742**	**131,253,554**

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.

24	**Rent, taxes, insurance, electricity etc.**		
	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
		48,935,777	**23,297,417**
25	**Legal and professional expenses**		
	Law charges	2,309,989	869,369
	Other professional charges	733,000	483,000
		3,042,989	**1,352,369**
26	**Postage, stamp, telecommunication etc.**		
	Postage & courier service	579,887	379,431
	Stamp expenses	3,285,416	1,182,694
	Telephone & internet	3,738,905	1,527,067
		7,604,208	**3,089,192**
27	**Stationery, printing, advertisements etc.**		
	Printing	1,859,980	1,443,300
	Stationery	1,763,155	764,970
	Publicity and advertisement	8,168,469	4,939,716
		11,791,604	**7,147,986**
28	**Directors' fees and expenses**		
	Fees for attending meeting	592,000	344,000
	Incidental meeting expenses	157,610	82,254
		749,610	**426,254**
29	**Statutory annual audit fees (including VAT)**	402,500	201,250
		402,500	**201,250**

		01 January 2017 to 31 December 2017	01 July 2016 to 31 December 2016
30	**Depreciation/Amortisation, repairs & maintenance**		
	Depreciation/Amortisation:		
	Freehold assets	20,768,818	8,977,292
	Intangible assets	812,006	301,425
		21,580,824	**9,278,717**
	Repairs & maintenance:		
	Vehicle	1,490,063	549,772
	Office equipment & premises	8,843,260	2,449,349
	Computer hardware & software	4,352,518	2,174,361
		14,685,841	5,173,482
		36,266,666	**14,452,199**
31	**Other expenses**		
	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
		34,036,911	**15,877,960**
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	**1,173,572,399**	**746,905,785**
	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
		759,578,025	**522,334,687**
	Closing balance	**413,994,374**	**224,571,098**

	01 January 2017 to 31 December 2017	01 July 2016 to 31 December 2016

33 Earnings per share

Profit after Tax	949,001,301	330,809,408
Profit available for ordinary shareholders	**949,001,301**	**330,809,408**
Number of shares outstanding for calculating basic EPS	121,851,843	121,851,843
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

a) 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 aproval 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 fees	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 Woman 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.

Annexure-A

Schedule of Fixed assets and Intangible assets

Amount in Taka

Particulars	Cost				Depreciation / Amortization				Written down value as at 31 December 2017
	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	
Free hold assets:									
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
	260,309,277	**40,834,396**	**15,032,753**	**286,110,920**	**105,052,000**	**20,768,821**	**14,943,022**	**110,877,799**	**175,233,121**
Intangible asset:									
Software	3,834,359	1,792,770	-	5,627,129	1,578,104	812,006	-	2,390,110	3,237,019
Total 2017	**264,143,636**	**42,627,166**	**15,032,753**	**291,738,049**	**106,630,104**	**21,580,827**	**14,943,022**	**113,267,909**	**178,470,140**
Total 2016	**246,327,778**	**18,276,095**	**460,237**	**264,143,636**	**97,805,368**	**9,278,717**	**453,981**	**106,630,104**	**157,513,532**

DELTA BRAC HOUSING FINANCE CORPORATION LIMITED

Head Office: Landmark Building (9th Floor)
12-14 Gulshan North C/A, Gulshan-2,
Dhaka-1212, PABX: 09612 334455,
+880 (2) 9842374, Fax: + 880 (2) 9882110
E-mail: dbh@deltabrac.com
Web: www.deltabrac.com

Proxy Form

I/We ..... of ..... being a member of Delta Brac Housing Finance Corporation Ltd. and a holder of ..... shares hereby appoint Mr./Ms ..... of ..... as my/our proxy to vote for me/us and on my/our behalf at the **22nd Annual General Meeting** of the Company to be held on **April 19, 2018 (Thursday)** and any adjournment thereof.

Signed this ..... day of ..... 2018.

Signature .....
Name .....
Folio/BO ID No. .....
Member

Revenue Stamp

Signature .....
Name .....
Folio/BO ID No. .....
Proxy

NOTES:

1) This form of proxy, duly completed, must be deposited at least 48 hours before the meeting at the registered office. Proxy is invalid if not duly signed and stamped.
2) Signature of the Shareholders should agree with the Specimen Signature registered with the Company and Depository Register.

DELTA BRAC HOUSING FINANCE CORPORATION LIMITED

Head Office: Landmark Building (9th Floor)
12-14 Gulshan North C/A, Gulshan-2,
Dhaka-1212, PABX: 09612 334455,
+880 (2) 9842374, Fax: + 880 (2) 9882110
E-mail: dbh@deltabrac.com
Web: www.deltabrac.com

Attendance Slip

I/We hereby record my/our attendance at the 22nd Annual General Meeting of **Delta Brac Housing Finance Corporation Limited** on **April 19, 2018 (Thursday)** at 10.30 a.m. at 'Delta Life Conference Hall', Delta Life Tower (13th Floor), Plot # 37, Road # 90, Gulshan Circle # 2, Dhaka-1212 as a holder of ..... shares of the Company.

Signature .....

Name .....
(Member/Proxy)

Folio/BO ID No. .....

Note: Shareholders attending the meeting in person or by proxy are requested to complete the Attendance Slip and hand it over at the entrance of the meeting hall.

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