



Strictly Private & Confidential

INFORMATION MEMORANDUM

Zero Coupon Bond of BDT 3.00 Billion

for

Delta Brac Housing Finance Corporation Limited (DBH)



Contact Information: Corporate Head Office, Landmark Building (9th Floor)
12-14 Gulshan North C/A, Gulshan 2, Dhaka-1212

Issue Name: DBH Zero Coupon Bond

Type of Security: Non-convertible, Unsecured Zero Coupon Bond

Total Face Value: Up to BDT 3,000,000,000.00

Face Value of Each Bond is: BDT 500,000.00 and Face Value of Each Lot of Bond is: BDT 4,000,000

Issue Price of each Bond is Variable as it is ZCB and mentioned in Features of Bond

Issue Price of Each lot of Bond: BDT 3,509,846.13

Total Issue Price of the Bond: BDT 2,632,384,597.50*

* Calculated based on the Face Value of BDT 3 Billion of the Bonds and YTM of 6.00% p.a.

Number of Securities: 6,000 **Total Issue Amount:** BDT 2,632,384,597.50*

Coupon Rate/discount rate and YTM: up to 6.00% p.a.

Trustee

IDLC Investments Limited



Credit Rating status of the Issue:

Long Term Rating: AA+B, **Outlook:** Stable

Credit Rating Agency: Emerging Credit Rating Limited

Mandated Lead Arranger

UCB Investment Limited



Issue Date of IM: _____, 2021

Md. Moniruzzaman
Managing Director
IDLC Investments Limited

"If you have any query about this document, you may consult the issuer and the trustee"

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JASHIM UDDIN FCS
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Nasimul Baten
Managing Director & CEO
Delta Brac Housing Finance Corp. Ltd.



ARRANGER'S DISCLAIMER

Delta Brac Housing Finance Corporation Limited (the "Issuer") has authorized UCB Investment Limited ("UCBIL" or the "Arranger") to distribute this Information Memorandum in connection with the proposed transaction outlined in it (the "Transaction") and the bond proposed to be issued in the Transaction (the "Bond").

This Information Memorandum is provided to prospective investors on a private and confidential basis for use solely in connection with the issue, offer, sale or invitation to subscribe or purchase the Zero Coupon Bonds. This Information Memorandum shall not be, in whole or in part, reproduced or used for any other purpose without prior written consent of the Arranger.

The Issuer has prepared this Information Memorandum and the Issuer is solely responsible for its contents. The Issuer will comply with all laws, rules and regulations and has obtained all regulatory, governmental and corporate approvals for the issuance of the Bond. All the information contained in this Information Memorandum has been provided by the Issuer or is from publicly available information, and such information has not been independently verified by the Arranger. No representation or warranty, expressed or implied, is or will be made, and no responsibility or liability is or will be accepted, by the Arranger or its affiliates for the accuracy, completeness, reliability, correctness or fairness of this Information Memorandum or any of the information or opinions contained therein, and the Arranger hereby expressly disclaim, to the fullest extent permitted by law, any responsibility for the contents of this Information memorandum and any liability, whether arising in tort or contract or otherwise, relating to or resulting from this Information Memorandum or any information or errors contained therein or any omissions therefrom. By accepting this Information Memorandum, you agree that the Arranger will not have any such liability.

You should carefully read and retain this Information Memorandum. However, you are not to construe the contents of this Information Memorandum as investment, legal, accounting, regulatory or tax advice, and You should consult with Your own advisors as to all legal, accounting, regulatory, tax, financial and related matters concerning an investment in the Bond.


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ISSUER'S DISCLAIMER

This Information Memorandum is neither a prospectus nor a statement in lieu of prospectus. The issue of non-convertible zero coupon bonds is being made strictly on a private placement basis. Multiple copies hereof given to the same entity shall be deemed to be given to the same person and shall be treated as such. It does not constitute and shall not be deemed to constitute an offer or an invitation to subscribe to the bond issue to the public in general. Apart from this Information Memorandum, no information memorandum or prospectus has been prepared in connection with the offering of this issue.

This Information Memorandum has been prepared to provide general information about the issuer to potential investors to whom it is addressed and who are willing and eligible to subscribe to the bond issue. This Information Memorandum does not purport to contain all the information that any potential investor may require. Neither does this Information Memorandum nor any other information supplied in connection with the bond issue is intended to provide the basis of any credit or other evaluation and any recipient of this Information Memorandum should not consider such receipt a recommendation to purchase any bonds. Each potential investor contemplating the purchase of any bonds should make his/her own independent investigation of the financial condition and affairs of the issuer and his/her own appraisal of the creditworthiness of the issuer.

Potential investors should consult their own financial, legal, tax, and other professional advisors as to the risks and investment considerations arising from an investment in the bonds and should possess the appropriate resources to analyse such investment and the suitability of such investment to such investor's particular circumstances.

The information relating to the company contained in this Information Memorandum is believed by the issuing company to be accurate in all respects as to the date hereof.

It is the responsibility of potential investors to also ensure that they will sell/transfer these Bonds in strict accordance with this Information Memorandum and other applicable laws. None of the intermediaries or their agents or advisors associated with this issue undertake to review the financial condition or affairs of the issuer during the life of the arrangements contemplated by this Information Memorandum or have any responsibility to advise any investor or potential investor in the bonds of any information available with or subsequently coming to the attention of the intermediaries, agents or advisors.


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

No person has been authorized to give any information or to make any representation not contained or incorporated by reference in this Information Memorandum or in any material made available by the issuer to any potential investor pursuant hereto and, if given or made, such information or representation must not be relied upon as having been authorized by the issuer.

Nasimul Baten
Managing Director & CEO
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The contents of this Information Memorandum are intended to be used only by those potential investors to whom it is distributed. It is not intended for distribution to any other person and should not be reproduced by the recipient.

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The person who is in receipt of this Information Memorandum shall maintain utmost confidentiality regarding the contents of this Information Memorandum and shall not reproduce or distribute in whole or part or make any announcement in public or to a third party regarding its contents, without the prior written consent of the issuer till the time the Information Memorandum comes within public domain. Notwithstanding the foregoing, a bondholder may provide this Information Memorandum to a potential investor for the sole purpose of transferring the bonds.

Each person receiving this Information Memorandum acknowledges that:

- Such person has been afforded an opportunity to request and to review and has reviewed and received this Information Memorandum and all additional information considered by an individual to be necessary to verify the accuracy or to supplement the information herein; and
- Such person has not relied on any intermediary that may be associated with the issuance of the bonds in connection with his/her investigation of the accuracy of such information or his/her investment decision.

The issuer does not undertake to update the Information Memorandum to reflect subsequent events after the date of the Information Memorandum and thus it should not be relied upon with respect to such subsequent events without first confirming its accuracy with the issuer. Neither the delivery of this Information Memorandum nor any sale of bonds made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the issuer since the date hereof.

This Information Memorandum does not constitute, nor may it be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. No action is being taken to permit an offering of the bonds or the distribution of this Information Memorandum in any jurisdiction where such action is required. The distribution of this Information Memorandum and the offering and sale of the bonds may be restricted by law in certain jurisdiction. Persons into whose possession this Information Memorandum comes are required to inform themselves about and to observe any such restrictions.


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REPORT TO THE ELIGIBLE INVESTORS

Issuer has obtained information regarding Bangladesh and its economics from various government publications and other sources. Although we believe that its sources are reliable, you should keep in mind that it has not independently verified information it has obtained from industry and government sources and information from its internal surveys has not been verified by any independent sources. In addition, we have obtained information about the Trustee i.e. IDLC Investments Limited from the Trustee and do not accept any responsibility for the information contained in the section entitled "The Trustee". Further, we do not accept any responsibility for the information contained in the section entitled "Credit Rating". We are not making any representation to you concerning the accuracy or completeness of the information contained in the section "The Trustee" or in the section "Credit Rating" section.

The distribution of this Information Memorandum and the Offering is restricted only in Bangladesh. It is not intended or make to offer or sale of the Bonds in any other jurisdiction. The Offerings will not be offered to the public at large in Bangladesh, or outside Bangladesh.

We may withdraw this offering at any time, and we reserve the right to reject any offer to purchase the Bonds in whole or in part and to sell to any prospective investor less than the full amount of the Bonds sought by such investor.

We have obtained approval from Bangladesh Bank (BB) and Bangladesh Securities and Exchange Commission (BSEC) for issue of Bonds and the distribution of this Information Memorandum. Bangladesh Bank has given their NOC to issue the Bonds through its letter No. DFIM(BS)1057/2021-1679, dated 12 August 2021 and Bangladesh Securities and Exchange Commission has given their consent to issue the Bonds through its letter No. dated [.....]


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3. RISK FACTORS AND MANAGEMENT'S PERCEPTION ABOUT THE RISKS

a. Interest Rate Risks

Interest rate risk arises due to fluctuations in market interest rate which exposes to re-price and re-investment risk for both rate sensitive assets and rate sensitive liabilities.

Mitigations

In order to manage interest rate risks, DBH has adopted a clearly defined set of policies and procedures for limiting and controlling the risk. The company also takes efforts to ensure that these approved policies and procedures are routinely applied and monitored. These include maintaining an interest rate risk management review process, appropriate limits on risk taking, adequate systems of risk measurement, a comprehensive interest rate risk reporting system, and effective internal controls.

b. Foreign Exchange Risks

The risk associated with the volatility in exchange rates.

Mitigations

Since NBFIs are not allowed to enter into any FX transaction, risks associated with exchange rates fluctuations is not applicable for any NBFI.

c. Non-Repayment Risks (Credit Risks)

DBH may face potential loss arising from the possibility of a borrower or counter party failing to meet agreed obligations. The failure may arise due to unwillingness of the counter party or decline in economic condition, unanticipated legal or political constrains, etc.

Mitigation

DBH believes that a key component of a disciplined credit culture is adherence to internal policies and procedures. Hence comprehensive investment policies and guidelines have been established in the company to ensure quality and transparency of investment decisions at all times. The Board of Directors has approved the Investment Policy for the company where major policy guidelines, growth strategy, exposure limits and risk management strategy have been described/stated in details. Credit policies are regularly updated to cope up with the changing global and domestic economic scenarios.

d. Prepayment, Call or Refunding Risks

The risk associated with the early unscheduled return of principal on a fixed-income security.

Mitigation

Since this is a zero coupon bond, prepayment risk, call or refunding risk is not applicable here.

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e. Security Risks

The risk associated with the default, authenticity or validation of the collateral used to guarantee repayment of a debt.

Mitigation

Since this is an unsecured debt, this particular risk is not applicable here.

f. Liquidity Risks

DBH might face liquidity risk due to adverse mismatch of maturities of assets and liabilities and might encounter difficulty in meeting obligation from its financial liabilities at a point of time.

Mitigation

Liquidity management is treated as a priority at DBH and efforts are taken to ensure that objectives for liquidity management are clear across the company. DBH has adequate internal controls over its liquidity risk management process that is a part of the overall system of internal control. This process monitors net funding requirements based on both current cash inflows and outflows and projected future needs. An adequate information system is maintained that produces regular independent reports and evaluations to review adherence to establish policies and procedures. DBH also keeps protective reserves in addition to planned reserves that are derived from regulatory requirements.

g. Management Risks

The risk associated with ineffective, destructive or underperforming management, which hurts shareholders and the company of fund being managed.

Mitigations

DBH is one of the leading non-bank financial institutions in Bangladesh with a track record of consistently exceptional performance achieved through effective leadership and corporate governance. DBH has a sound management system that is not only efficient but also dynamic in taking relevant decision to make the organization more effective and results oriented. Therefore, with a strong leadership on the back, management risks are not a matter of concern or a vital risk factor for DBH.

h. Operational Risks

Operational risks may give rise to losses due to failures in people, processes, and technology.

Mitigation

In order to manage operational risks, management at DBH has established the desired standards of risk management and clear guidelines for practices that would reduce operational risks. As operational risks may arise from a wide spectrum of organizational units, management has developed operational risk mitigation practices which are inbuilt in the business process for each business unit.

i. Business Risks

DBH might have lower than anticipated profit, or that it will experience a loss rather than a profit. Business risk is influenced by a lot of factors, including sales volume, apartment/land price, cost of construction material, interest rate movements, competition, and overall economic climate and government regulations.

Mitigations

DBH has a robust risk management system to counter any adverse business risk and to manoeuvre in a hostile business environment. Most business risks have been covered in Credit, Liquidity and Market Risk. To counter and mitigate business risk, the following mitigation measures are in place:

- Regular review of impact of global economic meltdown and taking appropriate measure
- Innovative and convenient financial products and services;
- Reviewing customer complaints;
- Frequent assessment of client satisfaction;
- Regular review of performance against budget and targets;
- Review and analysis of competitors' performance;

Prevention of risk by forecasting future market condition gives DBH competitive edge over other competitors in the local market. In order to mitigate prospective risks of the market, the equity and research team regularly assesses the market information. This assessment updates the management about the current market situation, growth of certain industries, current global phenomena, price index of raw materials, refinance scheme taken by central bank and regulatory steps taken by various regulatory bodies. This also helps to make future prediction on any industry and the market as a whole.

j. Industry Risks

The risk that DBH is likely to face due to the virtue of the industry it is operating in.

Mitigations

DBH keeps constant watch on ever changing economic and business environment which sometimes leads some industry risk as well as opportunity.

k. Market and Technology Related Risks

Market risk is primarily related to fluctuation of the fair value of future cash flows of the financial instruments due to change in different market variables. Technology risk is the process of managing the risk associated with implementation of new technology. If a new technology is not compatible with business function of the company, the company may suffer in the long run. A non-compatible technology not only brings difficulty in all sorts of operations of the company but also run the risk wasting money choosing the wrong one.

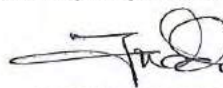
Mitigations

Market Risk is actively monitored by the company's Treasury division. Periodic stress testing shows that the institution is unlikely to face any major risks in liquidity, interest margins.

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Technology Risk is mitigated by the company's robust IT department, which assesses any technologically associated risks and implements suitable counter measures.

l. Risks related to potential or existing Government Regulations

Excessive growth of Risk weighted assets against the growth of eligible regulatory capital of DBH might breach the Bangladesh Bank's criteria of minimum capital requirement. Also, the Financial Institution might fail to comply with the laws, regulations or codes applicable to the financial services industry

Mitigations

Internal Control and Compliance of DBH works to achieve effectiveness and efficiency of operations, reliable financial reporting and compliance with laws and regulations. Pillar 1 and Pillar 2 of Basel-II Accord also focused on operational risk and supervisory review respectively attaching considerable importance to internal control & compliance and on supervision & monitoring. As prescribed in the Bangladesh Bank core risk guideline on Internal Control & Compliance, Audit Committee of DBH reviews the overall effectiveness of internal control system.

m. Risks related to potential changes in Global or National Policies

Risk associated with any potential global issues (i.e. a global financial crisis or a massive volatility in an international currency) or a national policy change (i.e. regulatory changes made by the Bangladesh Bank or the Securities Exchange Commission).

Mitigations

Since this security would be issued in the local market, potential global changes are unlikely to have any impact on the security issued. Moreover, DBH has a robust risk management team and has the capability to adapt to any global scenario that might affect the local market.

4. DETAILED DESCRIPTION AND INFORMATION

Detailed description and information as per Bangladesh Securities and Exchange Commission (Debt Securities) Rules, 2021; Schedule- A (Part I) is annexed to this Information Memorandum. Please check Annexure - 1.

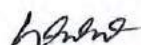


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5. DETAILS OF THE UTILIZATION OF PROCEEDS

Delta Brac Housing Finance Corporation Limited (DBH) is the largest specialist Housing Finance Institution in the private sector of the country. Presently over 99.00% of its lending portfolio comprises of housing finance. As of December 31, 2020 the home loan portfolio stood at BDT 42.61 Billion. Though the effect of Covid19 was still in the economy, loan disbursement for the year 2020 stood at Tk. 7,028 million. However, as the economy started to recover, disbursement for the 4th quarter of the year 2020 registered a growth of 11% compared to the same quarter last year, indicating a turnaround in terms of disbursement performance and the trend is expected to further grow in Year 2021. Based on the projection, we expect that upon completion of the full subscription, the bond proceeds will be utilized as follows:

Planned Utilization of Subscription Amount of the Zero Coupon Bond (ZCB)

(Amount in Million Taka)

Particulars	Month 1	Month 2	Month 3
Inflow from ZCB Subscription Value	2,632.39		
Outflow for Housing Loan Disbursement using the ZCB Subscription Value	(1,075.42)	(1,075.42)	(481.55)

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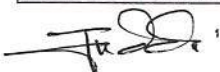
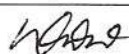
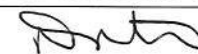
6. FEATURES OF THE DEBT SECURITY TO BE ISSUED

Basic Features of the Instrument

Issuer:	Delta Brac Housing Finance Corporation Limited (DBH)
The Issue:	BDT 3.00 Billion Non-Convertible Zero Coupon Bond
Mandated Lead Arranger:	UCB Investment Limited ("UCBIL") and also referred to as the "Mandated Lead Arranger" or the "MLA"
Arrangement Basis:	Best Efforts / Strictly Non Underwritten
Purpose:	To generate liquidity to meet ongoing financing requirements
Investors:	Local Financial institutions, Insurance Companies, Corporates, High Net Worth Individuals, there is no negative list
Currency:	Bangladeshi Taka (BDT)
Face Value:	Up to BDT 3,000,000,000
Denomination:	Denomination of each lot of Bond is indicated at BDT 4,000,000 Face Value or as agreed amongst MLA and Issuer
Mode of Placement:	Private Placement
Discount Rate:	Based on the present market conditions, the indicative Discount Rate is expected to be within the range of 6.00% p.a. Final Discount Rate to be determined before launching of the IM with prior agreement among Issuer and UCBIL and subject to necessary regulatory approvals.
Redemption:	Will be structured in a way so the issue redeemed in 8 equal instalments starting from the end of the 6th month from the issue date and each 6-months thereafter
ZCB Strips for Each Bond:	To be redeemed in 8 Instalments starting from end of 6 th month from the issue date and each 6 months from thereafter
Maturity:	From 6 months and up to 4 years from the Issue Date
Transferability/ Liquidity:	Freely transferable subject to further due diligence and the terms and conditions of the Bond documents.
Prepayment, Call, Refunding, Conversion Features:	The issue cannot be prepaid or refunded unless otherwise agreed by Issuer and investors Also there is no conversion features in the bond
Security:	Unsecured
Form:	Registered
Credit Rating of the Issuer	Long term: AAA Short Term: ST-1 Validity: July 01, 2021 to June 30, 2022 Name of Credit Rating Agency: Emerging Credit Rating Ltd.
Credit Rating of the Issue:	Long term: AA+ Outlook: Stable Validity: June 16, 2021 to June 15, 2022 Name of Credit Rating Agency: Emerging Credit Rating Ltd.
Trustee:	IDLC Investments Limited


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

Transfer Agent:	IDLC Investments Limited																																																		
Paying Agent:	IDLC Investments Limited																																																		
Registrar:	IDLC Investments Limited																																																		
Legal Counsel	A & S Associates																																																		
Tentative Repayment Schedule:	To be redeemed in 8 equal Instalments starting from end of 6th month from the Issue Date and each 6 months thereafter as depicted below for each lot of bond:																																																		
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Late Redemption:	Incremental charge at the rate of 2.00% per annum payable by the Issuer to the Bondholders above the amount to be paid by the Issuer to the Bondholders on the Redemption Date for failure of the Issuer to make payment to the Bondholders on the Redemption Date																																																		
Tax Features:	Taxable as per laws of the country																																																		
Costs related to the Issue:	Total of Arrangement fee, "Trustee, Paying Agent, Registrar, Transfer Agent fee" (for 4 years), Bond Rating fee, & Legal Counsel Fee: BDT 9,080,000 (approx.) Application Fee to BSEC: BDT 10,000 Consent Fee to BSEC: 0.10% on the total face value																																																		
Documentation:	Customary documentation including force majeure, negative pledge, cross default and indemnity provisions																																																		
Conditions Precedent:	In form and substance satisfactory to the MLA including without limitation: (i) due diligence having been conducted and completed, (ii) documentation for the Financing and appropriate business description disclosure in the offering circular, (iii) receipt by the MLA of appropriate legal opinions from external counsel, (iv) the Issuer having obtained all relevant approvals for the Financing.																																																		
Governing Law:	The Laws of The People's Republic of Bangladesh																																																		
Credit Enhancement/Guarantee	No Credit Enhancement of Guarantee features																																																		
Enforcement of Charges over Securities:	At any time after the Bonds have become due and repayable, the Trustee may, at its sole discretion and without further notice in writing, take such proceedings against the Issuer as it may think fit to enforce repayment of the Bonds and to enforce the provisions of the Trust Deed. No Bondholder will be entitled to proceed directly against the Issuer unless the Trustee,																																																		

	having become bound to do so, fails to do so within a reasonable period and such failure shall be continuing.
Listing Status	Unlisted

7. DESCRIPTION OF COLLATERAL SECURITY AND TYPE OF CHARGES TO BE CREATED AGAINST ISSUE

The issue is an unsecured non-convertible bond and hence no charge on Assets is to be created. The issuer only owes the bondholders an indebtedness which is secured by claims over all present and future assets of the issuer subsequent to all secured lenders/investors


8. RIGHTS & OBLIGATIONS OF THE ISSUER

Covenant to Repay

The Issuer covenants with the Trustee that it will, as and when the Bonds or any of them become due to be redeemed or any principal on the Bonds or any of them becomes due to be repaid, in accordance with the Conditions, unconditionally pay or procure to be paid to or to the order of the Trustee in the relevant currency is immediately available freely transferable funds for redemption on Redemption Date and shall (subject to the provisions of the Conditions) until all such payment (both before and after judgment or other order) are duly made unconditionally pay or procure to be paid to or to the order of the Trustee as aforesaid on the dates provided for in the Conditions, provided that:

- every payment of Redemption Amount in respect of the Bonds or any of them made to or to the account of the Paying Agent in the manner provided in the Agency Agreement shall satisfy, to the extent of such payment, the relevant covenant by the Issuer contained in this Clause except to the extent that there is default in the subsequent payment thereof to the Bondholders in accordance with the Conditions;
- if any payment of Redemption Amount in respect of the Bonds or any of them is made after the due date, payment shall be deemed not to have been made until either the full amount is paid to the Bondholders or, if earlier, the [seventh day] after notice has been given to the Bondholders that the full amount has been received by the Paying Agent or the Trustee except, in the case of payment to the Paying Agent, to the extent that there is failure in the subsequent payment to the Bondholders under the Conditions; and
- in any case where payment of the whole or any part of the Redemption Amount due in respect of any Bond is improperly withheld or refused,


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Md. Moniruzzaman
 Managing Director
 IDLC Investments Limited

incremental charge shall accrue for the Bond on the whole or such part of such Redemption Amount from the date of such withholding or refusal until the date either on which such Redemption Amount due is paid to the Bondholders or, if earlier, the seventh day after which notice is given to the Bondholders that the full amount payable in respect of the said Redemption Amount is available for collection by the relevant Bondholders provided that on further due presentation thereof such payment is in fact made.

The Trustee will hold the benefit of this covenant and the other covenants including Clause - *Other Covenants by the Issuer* on trust for the Bondholders.

Following an Event of Default

At any time after any Default or Event of Default has occurred, the Trustee may by notice in writing to the Issuer, require it to make all subsequent payments in respect of each Strip of Bonds to or to the order of the Trustee and with effect from the issue of any such notice until such notice is withdrawn.

The Issuer hereby covenants with the Trustee to comply with, perform and observe all those provisions of this Trust Deed, the Conditions (including, without limitation, Clause *(Other Covenants by the Issuer)*, and the other Schedules which are expressed to be binding on it and to perform and observe the same. The Bonds are subject to the provisions contained in this Trust Deed and the Conditions, all of which shall be binding upon the Issuer and the Bondholders and all persons claiming through or under them respectively. The Bondholders and all persons claiming under or through them respectively will also be entitled to the benefit of, and will be bound by, this Trust Deed and the other Bond Documents and will be deemed to have notice of all of the provisions of the Bond Documents.

The Trustee shall itself be entitled to enforce the obligations of the Issuer under the Bonds and the Conditions as if the same were set out and contained in this Trust Deed which shall be read and construed as one document with the Bonds.

Other Covenants by the Issuer

The Issuer hereby covenants with the Trustee that so long as any of the Bonds remain outstanding, it will:

Comply with Bond Documents

Comply with, perform and observe all those provision of this Trust Deed, the Agency Agreement, the Conditions and the other schedules which are expressed to be binding on it and to perform and observe the same. The Bonds are subject to the provisions contained in this Trust Deed, all of which shall be binding upon the Issuer and the Bondholders and all persons claiming through or under them respectively. The Bondholders and all persons claiming under or through them respectively will also be entitled to the benefit of, and will be bound by, this Trust Deed and the other Bond Documents and will be deemed to have notice of all of the provisions of the Bond Documents applicable to them.

Comply with Applicable Laws

Comply with, perform and observe all those provisions of the applicable laws including, but not limited to, the Bangladesh Securities and Exchange Commission (Debt Securities) Rules 2021. The Issuer agrees that Bondholders and all persons claiming under or through them respectively will also be entitled to the benefit of, and will be bound by, the applicable laws and will be deemed to have notice of all of the provisions of the applicable laws, as applicable to them.

Execution of further documents:

So far as permitted by applicable law, do all such further acts and things as may be necessary in the reasonable opinion of the Trustee to give effect to the provisions of this Trust Deed;

Notices to the Bondholders:

Send or procure to be sent to the Trustee not less than three (3) days prior to the date of publication one copy of each notice to be given to the Bondholders in accordance with the Conditions and, upon publication, send to the Trustee two copies of such notice.

Evidence of Due Approval by the Board of Directors and Authorized Signatories:

Upon reasonable notice by the Trustee to deliver to the Trustee a copy of the resolution of the Board of Directors of the Settlor authorizing issuance of the Bond, the declaration of the Trust, a list of the Authorized Signatories of the Issuer, together with certified specimen signatures of the same.

Payments:


Moneys payable by it to the Trustee as mentioned in trust deed without set off, counterclaim, deduction or withholding, unless otherwise compelled by law, and in the event of any deduction or withholding compelled by law pay such additional amount as will result in the payment to the Trustee of the amount which would otherwise have been payable by it to the Trustee hereunder.

Listing:

The Issuer hereby covenants that the Bonds will be issued in registered and unlisted form and the facility arranger may decide to list the Bonds in ATB in the Stock Exchanges of Bangladesh.


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Nasimul Baten
Managing Director & CEO
Delta Brac Housing Finance Corp. Ltd.

9. RIGHTS & OBLIGATIONS OF THE TRUSTEE

Trustee's Right

Rights under Applicable Law

Notwithstanding anything contained in this Trust Deed, the Trustee shall have all such rights and powers granted to it under the applicable law including, but is not limited to, the Bangladesh Securities and Exchange Commission (Debt Securities) Rules 2021 and the Trust Act 1882.

Advice

The Trustee may in relation to this Trust Deed act on the opinion or advice of or a certificate or any information obtained from any lawyer, banker, valuer, surveyor, broker, auctioneer, accountant or other expert and shall not be responsible for any Liability occasioned by so acting;

Certificate of directors or Authorized Signatories

The Trustee, in the exercise of its functions, may call for and shall be at liberty to accept a certificate signed by two Authorized Signatories or other person duly authorized on their behalf as to any fact or matter prima facie within the knowledge of the Issuer, as the case may be, as sufficient evidence thereof and a like certificate to the effect that any particular dealing, transaction or step or thing is, in the opinion of the person so certifying, expedient as sufficient evidence that it is expedient and the Trustee shall not be bound in any such case to call for further evidence or be responsible for any Liability that may be occasioned by its failing so to do.

Resolution or direction of Bondholders

The Trustee shall not be responsible for acting in good faith upon any resolution purporting to be a written resolution or to have been passed at any meeting of the Bondholders in respect whereof minutes have been made and signed or a direction of a specified percentage of Bondholders even though it may subsequently be found that there was some defect in the constitution of the meeting or the passing of the resolution or the making of the directions or that for any reason the resolution purporting to be a written resolution or to have been passed at any meeting or the making of the directions was not valid or binding upon the Bondholders.

No obligation to monitor

The Trustee shall not be under any obligation to monitor or supervise the functions of any other person under the Bonds or any other agreement or document relating to the transactions herein or therein contemplated and shall be entitled, in the absence of actual knowledge of a breach of obligation, to assume that each such person is properly performing and complying with its obligations.

Bonds held by the Issuer

In the absence of actual knowledge or express notice to the contrary, the Trustee may assume without enquiry that no Bonds are for the time being held by or for the benefit of the Issuer or any of its Affiliates.

Events of Default



The Trustee shall not be bound to give notice to any person or to take any steps to ascertain whether any Default or Event of Default has happened and, until it shall have actual knowledge or express notice to the contrary, the Trustee shall be entitled to assume that no such Default or Event of Default has happened and that the Issuer is observing and performing all the obligations on its part contained in the Bonds and the Bond Documents and no event has happened as a consequence of which any of the Bonds may become repayable.

Right to deduct or withhold for taxes

Notwithstanding anything contained in this Trust Deed, to the extent required by any applicable law, if the Trustee is or will be required to make any deduction or withholding from any distribution or payment made by it hereunder or if the Trustee is or will be otherwise charged to, or is or may become liable to, tax as a consequence of performing its duties hereunder whether as principal, agent or otherwise, and whether by reason of any assessment, prospective assessment or other imposition of Liability of whatsoever nature and when so ever made upon the Trustee, and whether in connection with or arising from any sums received or distributed by it or to which it may be entitled under this Trust Deed (other than in connection with its remuneration as provided for herein or any other amounts for its own account) or any investments or deposits from time to time representing the same, including any income or gains arising there from or any action of the Trustee in connection with the trusts of this Trust Deed (other than the remuneration herein specified or any other amounts for its own account) or otherwise, then the Trustee shall be entitled to make such proper deduction or withholding to the extent required by any applicable law or, as the case may be, to retain out of sums received by it an amount sufficient to discharge any Liability to tax (as required by any applicable law) which relates to sums so received or distributed or to discharge any such other Liability of the Trustee (as required by any applicable law) from any funds that may from time to time be held by the Trustee upon the trusts of this Trust Deed.

No responsibility to investigate

The Trustee shall not have any responsibility for or have any duty to investigate except under any applicable laws or regulations:

- a) the execution, delivery, legality, validity, effectiveness, adequacy, genuineness, enforceability or admissibility in evidence of any or all of the Bond Documents;
- b) any recitals, statements, warranties, representations or covenants of any party to any of the Bond Documents;
- c) its ability to exercise the rights, trusts, powers, authorities or discretions purported to be conferred on it by any of the Bond Documents; or
- d) the capacities, powers or credit standing of the Issuer or other party to any of the Bond Documents.

Error of judgment


The Trustee shall not be liable for any error of judgment made in good faith by any officer or employee of the Trustee assigned by the Trustee to administer its corporate matters.

No responsibility for loss

The Trustee shall not in any circumstances, except under any applicable laws or regulations:


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- a) be liable to account to any Bondholder or any other person for anything except sums actually received by the Trustee which have not been distributed or paid to the persons entitled or at the time of payment believed by the Trustee to be entitled thereto, or
- b) be liable to any Bondholder or any other person for any costs, charges, losses, damages, liabilities or expenses arising from or connected with any act, default, omission or misconduct of the Trustee, any Appointee or their respective officers, employees or agents in relation to the Bond Documents except to the extent that they shall have been finally judicially determined to have been caused by the Trustee's own gross negligence, willful default or fraud.

Enforcement of Obligations of the Issuer

The Trustee shall itself be entitled to enforce the obligations of the Issuer under the Bonds and the Conditions as if the same were set out and contained in this Trust Deed which shall be read and construed as one document with the Bonds.

Force Majeure

The Trustee shall not be liable for any failure or delay in the performance of its obligations under this Trust Deed or any other Bond Document because of circumstances beyond such Trustee's control, including, without limitation, acts of God, flood, war (whether declared or undeclared), terrorism, fire, riot, embargo, labour disputes, any laws, ordinances, regulations or the like which restrict or prohibit the performance of the obligations contemplated by this Trust Deed or any other Bond Document, inability to obtain or the failure of equipment, or interruption of communications or computer facilities, and other causes beyond such Trustee's control whether or not of the same Strip or kind as specifically named above. However, the Trustee shall use commercially reasonable efforts consistent with accepted practice in its industry to resume performance as soon as practicable under the circumstances.

Immunities

The Trustee's immunities and protections from liabilities and its right to indemnification in connection with the performance of its duties under this Trust Deed shall extend to the Trustee's officers, directors, employees and consultants. Such immunities and protections and right to indemnification, together with the Trustee's right to compensation, shall survive the Trustee's resignation or removal, the defeasance or discharge of this Trust Deed and final payment of the Bonds, but in any event will be subject to any gross negligence, willful default or fraud of which the Trustee or its officers, directors or employees may be guilty in relation to their duties under this Trust Deed. The Issuer acknowledges that in any proceedings taken in relation to this Trust Deed, the Issuer will not be entitled to claim for itself or any of its assets immunity from suit, execution, attachment or other legal process.

Professional Charges

Any Trustee being a banker, lawyer, broker or other person engaged in any profession or business shall be entitled to charge and be paid all usual professional and other charges for business transacted and acts done by him on matters arising in connection with the Trust of this Trust Deed and also its properly incurred charges in addition to disbursements for all other work and business done and all time spent by him on matters arising in connection with this Trust Deed.

Expenditure by the Trustee

Nothing contained in this Trust Deed shall require the Trustee to expend or risk its own funds or otherwise incur any financial Liability in the performance of its duties or the exercise of any right, power, authority or discretion hereunder if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or Liability is not reasonably assured to it.

Trustee may enter into financial transaction with the Issuer

No Trustee and no director or officer of any corporation being a Trustee hereof shall by reason of the fiduciary position of such Trustee be in any way precluded from making any contracts or entering into any transaction in the ordinary course of business with the Issuer or any subsidiary, or any person or body corporate directly or indirectly associated with the Issuer or any subsidiary, or from accepting the trusteeship of any other debenture stock, debenture or securities of the Issuer or any subsidiary or any person or body corporate directly or indirectly associated with the Issuer or any subsidiary, and neither the Trustee nor any such director or officer shall be accountable to the Bondholders or the Issuer or any subsidiary, or any person or body corporate directly or indirectly associated with the Issuer or any subsidiary, for any profit, fees, commissions, interest, discounts or share of brokerage earned, arising or resulting from any such contracts or transactions and the Trustee and any such director or officer shall also be at liberty retain the same for its or his own benefit.

Trustee's requirements regarding Paying Agents etc.

- At any time after an Event of Default have occurred and for so long as Event of Default is continuing and has not been waived or, in the opinion of the Trustee, has not been remedied or the Bonds shall otherwise have become due and repayable or the Trustee shall have received any money which it proposes to pay under Condition XI-B (Application of Moneys) to the relevant Bondholders, the Trustee may:
 - by notice in writing to the Issuer, the Agents and the Registrar, require the Paying Agent and the other Agents or any of them:
 - to act thereafter as Agents of the Trustee in relation to payments to be made by or on behalf of the Trustee under the terms of this Trust Deed mutatis mutandis on the terms provided in the Agency Agreement (save that the Trustee's Liability under any provisions thereof for the indemnification, remuneration and payment of proper out-of-pocket expenses of the Agents shall be limited to the amounts for the time being held by the Trustee on the trusts of this Trust Deed relating to the Bonds and available for such purpose) and thereafter to hold all Bonds and all sums, documents and records held by them in respect of Bonds on behalf of the Trustee; or
 - to deliver up all Bonds and all sums, documents and records held by them in respect of Bonds to the Trustee or as the Trustee shall direct in such notice provided that such notice shall be deemed not to apply to any documents or records which the relevant Agent is obliged not to release by any law or regulation; and
 - by notice in writing to the Issuer require it to make all subsequent payments in respect of the Bonds to or to the order of the Trustee and not to the Paying Agent.



Agent and with effect from the issue of any such notice and until such notice is withdrawn shall cease to have effect.

Trustee's Duty and Obligation

Duties and Obligation under Applicable Law

Notwithstanding anything contained in this Trust Deed, the Trustee shall have all such duties and obligations as set out in the applicable laws including but is not limited to the Bangladesh Securities and Exchange Commission (Debt Securities) Rules 2021 and the Trust Act 1882.

Administration of Trust

The Trustee shall issue, manage and administer the Bonds in accordance with the terms of this Trust Deed and the Conditions and execute, acknowledge, confirm or endorse any agreements, documents, deeds, instruments and papers in connection therewith and to implement, give effect to and facilitate the terms and conditions of the Bonds and such other documents, deeds and agreements in contemplation thereof.

Act for the Bondholders

Save the provision of all applicable laws of Bangladesh, the Trustee shall act on behalf and for the exclusive interests of the Bondholders and be liable to sue and to be sued on behalf of them.

Monitoring

The Trustee shall ensure that the Issuer is observing the applicable laws including, but not limited to, the requirements of the Bangladesh Securities and Exchange Commission (Debt Securities) Rules 2021 and the terms and conditions of the Bond Documents. As soon as the Trustee is aware of any breach by the Issuer it shall immediately inform the Bondholders and the Issuer of such breach. The Issuer hereby covenants with the Trustee to comply with, perform and observe all those provisions of this Trust Deed, the Conditions and the other Schedules which are expressed to be binding on it and to perform and observe the same.

Maintaining Account

The Trustee shall open and maintain such accounts as it deems necessary for discharging the functions of Trustee in pursuant to the provision of this Trust Deed, the Conditions, the Trust Act 1882 and Bangladesh Securities and Exchange Commission (Debt Securities) Rules 2021.

Holding Trust Property

The Trustee shall hold and keep the money and assets representing the Trust Property (including enforcement proceeds) and to deposit and withdraw such moneys and assets as may be required from time to time.

Grievances of the Bondholders

Upon receipt of a complaint from the Bondholders, the Trustee shall take necessary steps for redress of grievances of the Bondholders within one month of the date of receipt of the complaints and it shall


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keep the BSEC and the Issuer informed about the number, nature and other particulars of the complaints received and the manner in which such complaints have been redressed;

Call for Meeting of the Bondholders

On the recommendation of the Bondholders in accordance with the provision of the Trust Deed, the Trustee shall call any meetings of the Bondholders and to facilitate the proceedings of such meeting as it deems appropriate in accordance with the terms of this Trust Deed;

Compliance with the Instruction of the Bondholders

Upon instruction by the Bondholders in accordance with this Trust Deed, to sell or otherwise dispose of the Trust Property and close any bank accounts that may have been opened in pursuance of this Trust Deed after distribution of amounts standing to their credit;

Duty to Inspect

It is the duty of the Trustee to inspect or call for books of accounts, records, register of the Issuers and the Trust property, if required, to the extent necessary for discharging its obligation.

Duty to Ensure the Interest of the Bondholders

The Trustee shall have power to insert any additional terms and conditions for the performance of the obligations under this Trust Deed for the protection of the interest of the Bondholders;

Trustee's determination

The Trustee may determine whether or not a default in the performance or observance by the Issuer of any obligation under the provisions of any Bond Document or contained in the Bonds is capable of remedy and/or materially prejudicial to the interests of the Bondholders and if the Trustee certifies that any such default is, in its opinion, not capable of remedy and/or materially prejudicial to the interests of the Bondholders, such certificate shall be conclusive and binding upon the Issuer and the Bondholders.

Determination of questions

The Trustee as between itself and the Bondholders shall have full power to determine all questions and doubts arising in relation to any of the provisions of this Trust Deed and/or the Conditions and every such determination, whether made upon a question actually raised or implied in the acts or proceedings of the Trustee, shall be conclusive and shall bind the Trustee and the Bondholders.

Trustee's discretion

The Trustee shall (save as expressly otherwise provided herein) as regards all the trusts, powers, authorities and discretions vested in it by this Trust Deed or by operation of law, have absolute and uncontrolled discretion as to the exercise or non-exercise thereof and the Trustee shall not be responsible for any Liability that may result from the exercise or non-exercise thereof but whenever the Trustee is under the provisions of this Trust Deed bound to act at the request or direction of the Bondholders, the Trustee shall nevertheless not be so bound unless first indemnified and/or provided with security to its satisfaction against all actions, proceedings, claims and demands to which it may

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Nasimul Baten
Managing Director & CEO
Delta Brac Housing Finance Corp. Ltd.

Md. Moniruzzaman
Managing Director
IDLC Investments Limited



render itself liable and all costs, charges, damages, expenses and liabilities which it may incur by so doing.

Trustee's consent

Any consent given by the Trustee for the purposes of this Trust Deed may be given on such terms and subject to such conditions (if any) as the Trustee may require.

Application of proceeds

The Trustee shall not be responsible for the receipt or application by the Issuer of the proceeds of the issue of the Bonds or the delivery of any Bond Certificate to the persons entitled to it.

Agents

The Trustee may with the prior consent in writing of the Issuer, instead of acting personally, employ and pay an agent on any terms, whether or not a lawyer or other professional person, to transact or conduct, or concur in transacting or conducting, any business and to do or concur in doing all acts required to be done by the Trustee, as the case may (including the receipt and payment of money) and, provided the Trustee shall have exercised reasonable care in the selection of any such agent, the Trustee shall not be responsible for any Liabilities incurred by reason of the misconduct, omission or default on the part of any person appointed by it hereunder or be bound to supervise the proceedings or acts of any such person.

Delegation

The Trustee may, with the prior consent in writing of the Issuer, in the execution and exercise of all or any of the trusts, powers, authorities and discretions vested in it by this Trust Deed, act by responsible officers or a responsible officer for the time being of the Trustee and the Trustee may also whenever it thinks fit, whether by power of attorney or otherwise, delegate to any person or persons or fluctuating body of persons (whether being a joint trustee of this Trust Deed or not) all or any of the trusts, powers, authorities and discretions vested in it by this Trust Deed and any such delegation may be made upon such terms and conditions and subject to such regulations (including power to sub delegate with the consent of the Trustee) as the Trustee may think fit in the interests of the Bondholders and, provided the Trustee shall have exercised reasonable care in the selection of any such Appointee and the Trustee shall not be bound to supervise the proceedings or acts of and shall not in any way or to any extent be responsible for any Liabilities incurred by reason of the misconduct, omission or default on the part of such delegate or sub-delegate.

Custodians and nominees

The Trustee may appoint and pay any person to act as a custodian or nominee on any terms in relation to such assets of the trust as the Trustee may determine, including for the purpose of depositing with a custodian this Trust Deed or any document relating to the trust created hereunder and, provided the Trustee shall have exercised reasonable care in the selection of any such Appointee, the Trustee shall not be responsible for any Liability by reason of the misconduct, omission or default on the part of any person appointed by it hereunder or be bound to supervise the proceedings or acts of any such person.

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Confidential information

The Trustee shall not (unless required by law or ordered so to do by a court of competent jurisdiction) be required to disclose to any Bondholder any confidential information (financial or otherwise) made available to the Trustee by the Issuer or any other person in connection with this Trust Deed and no Bondholder shall be entitled to take any action to obtain from the Trustee any such information. The Trustee shall forward to the Bondholders any non-confidential information made available to the Trustee by the Issuer in connection with this Trust Deed.

Trustee liable for gross negligence

None of the provisions of this Trust Deed shall in any case in which the Trustee has failed to show the degree of care and diligence required by it as trustee, having regard to the provisions of this Trust Deed conferring on the Trustee any powers, authorities or discretions, relieve or indemnify the Trustee against any Liability which by virtue of any rule of law would otherwise attach to it in respect of any gross negligence, willful default or fraud of which it may be guilty in relation to its duties under this Trust Deed.

Indemnity

The Issuer shall, on demand by the Trustee, indemnify it and any Appointee (a) in respect of all liabilities and expenses incurred by it or by any Appointee or other person appointed by it to whom any trust, power, authority or discretion may be delegated by it in the execution or purported execution of the trusts, powers, authorities or discretions vested in it by this Trust Deed and (b) against all liabilities, actions, proceedings, costs, claims and demands in respect of any matter or thing done or omitted in any way relating to this Trust Deed.

10. RIGHTS AND OBLIGATIONS OF THE ISSUE MANAGER, UNDERWRITER, OR ANY OTHER CONTRACTUAL PARTIES;

As the mode of placement is private placement no issue manager/underwriter is applicable.

11. RIGHTS, DUTIES AND OBLIGATIONS OF THE INVESTORS

- a. Each of the Bondholders has the right to demand any information relating to the issuance of Bond and/or information relating to the Issuer, as set forth in this Trust Deed or in the Conditions, from the Issuer.
- b. Each of the Bondholders has the right to receive payment of Face Value of the Bond on the respective Redemption Date in accordance with the procedure as set out in the Condition VII (Redemption of Bond) of the Schedule I (Terms and Conditions of the Bonds) of the Trust Deed.

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 Managing Director
 IDLC Investments Limited

Strictly Private & Confidential

- c. Each of the Bondholders has the right to receive any other payment including incremental charge, whenever such payment becomes due and payable by the Issuer in accordance with the procedure set forth in terms and conditions of the bond
- d. Each of Bondholders has the right to attend meeting of the Bondholders and vote therein in accordance with the provisions of the Trust deed. The quorum at any Meeting shall be such number of Voters as required to represent or hold not less than 66.5% of the Outstanding Bonds.
- e. The rights of the Bondholder under the Subscription Agreement are several and any debt or other obligation arising under that agreement at any time from the Issuer to any other Bondholder shall be a separate and independent debt. Each Bondholder will be entitled to protect and enforce its individual rights arising out of this Agreement independently of any other Bondholder and it shall not be necessary for any other Bondholder to be joined as an additional party in proceedings for such purpose.

Notwithstanding anything mentioned in this Trust Deed or the Conditions, the Bondholders shall not be entitled to any of the rights, benefits and privileges available to the members of the Issuer including, the right to receive notices of or to attend and vote at general meetings or to receive annual reports of the Issuer. If, however, any resolution affecting the rights attached to the Bonds is placed before the members of the Issuer, such resolution will first be placed before the Bondholders for their authorization.

12. DESCRIPTION OF THE ISSUER: DELTA BRAC HOUSING FINANCE CORPORATION LIMITED

Delta Brac Housing Finance Corporation Limited (DBH) was incorporated in Bangladesh on May 11, 1996 as a Private Limited Company. DBH is the pioneer, largest and specialist in Housing Finance Institution in the private sector of the country. DBH is the major player in the housing finance sector in Bangladesh since 1997 and remains one of the leading non-bank financial institutions. It is an acclaimed brand for a high level of customer service and respected for ethics, values and corporate governance.

The company has developed an attractive suite of products that cater to all customer segments, with a primary focus to strengthen the society by expanding home ownership. By leveraging customer profiling from different economic segments, DBH extends a range of products and services in loans as well as deposits through its specialized team members.

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Nasimul Baten
Managing Director & Page 26
Delta Brac Housing Finance Corp. Ltd.


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

A. CAPITAL STRUCTURE

- **Authorized Capital:**
 Ordinary shares (199,950,000 at BDT 10 each) – BDT 1,999,500,000
 Preference shares (5,000 at BDT 100 each) – BDT 500,000
 Total – BDT 2,000,000,000
- **Paid-up Capital:**
 Ordinary shares (154,142,581 at BDT 10 each) – BDT 1,541,425,810

Shareholding Structure

Sl.	Shareholder Type	31-Dec-20		31-Dec-19	
		No. of Shares	Shareholding %	No. of Shares	Shareholding %
1	BRAC	28,344,362	18.39%	24,647,272	18.39%
2	Delta Life Insurance Company Ltd.	27,171,345	17.63%	23,627,257	17.63%
3	Green Delta Insurance Company Ltd.	23,592,013	15.31%	20,514,794	15.31%
4	Faruq A. Choudhury (Sponsor)	29	0%	26	0%
5	Dr. Salehuddin Ahmed (Sponsor)	29	0%	26	0%
6	General shareholders	21,073,587	13.67%	3,115,306	2.56%
7	Financial institution and other companies	20,136,611	13.06%	3,450,628	2.83%
8	Foreign Investors	33,824,605	21.94%	52,750,112	43.29%
Total		154,142,581	100.00%	128,105,421	100.00%

Particulars	As at 31 December 2020	
	Amount in BDT	% of Total
Liabilities		
Borrowings from other banks, financial institutions and agents	5,571,061,010	10.68%
Deposits and other accounts	43,826,874,936	84.00%
Other liabilities	2,777,623,932	5.32%
Total Liabilities	52,175,559,878	100.00%
Capital/Shareholders' Equity		
Paid up capital	1,541,425,810	23.97%
Share premium	55,000,000	0.86%
Statutory reserve	1,486,425,811	23.11%
Other reserves	2,825,040,000	43.93%
Retained earnings	523,564,368	8.14%
Total Shareholders' Equity	6,431,455,989	100.00%
Total Liabilities & Shareholders' Equity	58,607,015,867	

Total Regulatory Capital of DBH Limited as at 31 December 2020

Particulars	Amount in BDT
Total Assets (excluding off-balance sheet assets)	58,607,015,867
Total Risk Weighted Assets (RWA)	27,799,006,174
Total Common Equity Tier 1 (CET1) capital	6,431,455,989
Total Additional Tier-I Capital	0
Total admissible Tier 1 Capital	6,431,455,989
Total admissible Tier 2 Capital	300,858,748
Total Eligible Regulatory Capital (Tier 1 and 2)	6,732,314,737
Capital to Risk Weighted Assets Ratio (CRAR)	24.22%

B. BUSINESS

Products and Activities

DBH is involved in extending long-term housing loan facility to individual borrowers. Its main objective is to increase the stock of housing in Bangladesh and to promote individual home ownership.

DBH is also authorized to collect term deposit from corporate and individual depositors for short to medium term.

The core business of DBH, however, is housing loan. DBH extends housing loan for the following purposes:

- Purchasing apartment
- Constructing own house
- Purchasing approved plots
- Extending/renovating existing dwelling

Portfolio Analysis

The main category of borrowers is employed category where people are employed in government organizations, NGOs, local large corporate, multinationals etc. Another category includes independent professionals like doctors, engineers, accountants etc. and businessmen (self-employed). DBH has organized its loan portfolio in such a way so as to keep the average loan size small and diversify the types of borrowers in the portfolio. In the last financial year DBH has extended loan to different categories of borrowers in the following manner:

Employment Category as of Dec 31, 2020	% of total
Employed	62.00%
Self-employed	21.00%
Others	17.00%

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Asset Quality

Strong underwriting, loan administration and risk management practices of the company has successfully maintained an NPL ratio below 0.50% in last five years. As of December 31, 2020 NPL Ratio of DBH was 0.41%. DBH has been consistently retaining the asset quality due to the factors like;

- Stringent credit appraisal system
- Strong monitoring and effective recovery procedure
- Targeting middle and upper middle income salaried customer
- Lower Loan to Value Ratio

Besides, the company set aside a comfortable amount as provision against the delinquent loans as a safety measure. Loans that are overdue for more than 180 days are treated as NPLs by the definition of company whereas the central bank considers the minimum 270 days' overdue loans as to fulfil the criteria of NPL for housing loans. DBH provides 100% for NPLs and does not take into account any security values.

Particular	31-12-2016	31-12-2017	31-12-2018	31-12-2019	31-12-2020
NPL ratio (%)	0.36%	0.27%	0.30%	0.45%	0.41%

Operational Highlights

Details in BDT Million	31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19	31-Dec-20
Loan sanction	6,230	15,198	8,632	8,934	7,527
Loan disbursement	6,157	14,711	10,273	10,112	7,028
Cumulative disbursement	78,290	93,001	103,274	113,386	120,414
Cumulative sanction	81,950	97,148	105,780	114,714	122,241

Profitability

The following information on the company reflects the profitability position of the Company for last five financial years:

Details in BDT Million	31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19	31-Dec-20
Profit before tax	602.91	1,492	1,607	1,555	1,498
Profit after tax	330.81	949	1,048	1,073	891
Earnings per share in BDT	5.43	7.79	8.60	8.04	5.78
Earnings per share (restated) in BDT	4.94	7.08	7.82	6.96	5.78

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Managing Director & CEO
Delta Brac Housing Finance Corp. Ltd.

C. BOARD OF DIRECTORS AND MANAGEMENT

Board of Directors

DBH's Board comprises of 10 members including the CEO & Managing Director and two Independent Directors. Mr. Nasir A. Choudhury is the present Chairman of the institution. The Board is involved in policy formulations, strategic direction setting, business plan approval, approval of financial position and results, review of different activities and provides necessary directions to the management for conducting businesses in a competitive and profitable manner by managing risks and complying with the regulatory requirements. The Board is also responsible for the implementation of the best and the most suitable corporate governance practices and accomplishes this through its two sub committees- Executive Committee and Audit Committee.

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 BDT 100 Million. During the period under review, 4 (four) meetings of the Executive Committee were held. The EC of the Board has 3 members and is headed by Ms. Mehreen Hassan as Chairman. It is also responsible for administration, investment aspect, expansion of business etc. The Board confirms the decision of all Executive Committee meetings and assesses the operational results.

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 duly constituted by the institution, comprising of 5 members of the Board of Directors. The Committee is headed by Maj. Gen. Syeed Ahmed, BP, awc, psc (Retd.), Independent Director as Chairman as per the revised corporate governance guidelines issued by the Bangladesh Securities and Exchange Commission (BSEC).

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Nasimul Baten
Managing Director & CEO
Delta Brac Housing Finance Corp. Ltd.


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

Board of Directors

SL.	Name of Board Member	Designation
1.	Mr. Nasir A. Choudhury	Chairman
2.	Dr. A M R Chowdhury	Vice Chairman
3.	Mr. Syed Moinuddin Ahmed	Director
4.	Ms. Mehreen Hassan, Bar-at-Law	Director
5.	Mr. Md. Mujibur Rahman	Director
6.	Mr. Mohammad Anisur Rahman	Director
7.	Mr. M. Anisul Haque, FCMA	Director
8.	Ms. Rasheda K. Choudhury	Independent Director
9.	Major General Syeed Ahmed BP, (Retd)	Independent Director
10.	Mr. Nasimul Baten	Managing Director & CEO

Executive Committee

SL.	Name of Member	Designation
1.	Ms. Mehreen Hassan, Bar-at-Law	Chairman
2.	Dr. A M R Chowdhury	Member
3.	Mr. Nasimul Baten	Member

Audit Committee

SL.	Name of Member	Designation
1.	Maj. Gen. Syeed Ahmed, BP, awc, psc (Retd.)	Chairman
2.	Mr. Md. Mujibur Rahman	Member
3.	Ms. Rasheda K. Choudhury	Member
4.	Mr. Syed Moinuddin Ahmed	Member
5.	Mr. M. Anisul Haque, FCMA	Member

Management Committee: DBH Finance Corporation has a dedicated Management Committee comprising of senior executives and headed by the CEO & Managing Director. The members have long and diversified experience in different roles in the financial industry and are entrusted with key functions of the institution. The Management Committee is the highest decision and policy making authority of the management.

The Management Committee of DBH comprises of the following members:

- Mr. Nasimul Baten, CEO & Managing Director
- Mr. Md. Hassan Iftekhar Yussouf, Head of IT
- Mr. Tanvir Ahmad, Head of Human Resources
- Mr. A. K. M. Tanvir Kamal, Head of Credit
- Mr. Md. Zakaria Eusuf, Head of Loan Operations
- Mr. Md. Abdul Wadud, FCA, Head of Finance
- Mr. Md. Golam Rosul, Head of Loan Sales
- Mr. Md. Fakrul Amin, Head of Legal
- Mr. Saiyaf Ejaz, Head of Recovery, Customer Services & Administration
- Mr. Jashim Uddin, FCS, Company Secretary & Head of Corporate Affairs

KP
Md. Mohiruzzaman
Managing Director
IDLC Investments Limited

Nasimul Baten
Nasimul Baten
Managing Director & CEO
Delta Brac Housing Finance Corp. Ltd.

D. DESCRIPTION OF ENCUMBERED AND UNENCUMBERED ASSETS WITH VALUE THEREOF

Since Delta Brac Housing Finance Corporation Limited is a non-bank financial institution (NBFI), all of its fixed and floating assets—including book debts are encumbered and all secured lenders have charge on its assets. The value of the total assets comprising of Loans, Advances, and Property and Equipment is BDT 58,607,015,867 as at December 31, 2020.

The details of the encumbered asset and secured loans outstanding as a % of total assets are shown below

(Amount in BDT)

List of Encumbered Assets:

Particulars	Balance as at 31 December 2020	Status
Cash	575,240,921	Encumbered
Balance with other Banks	14,338,776,038	Encumbered
Investments	489,024,228	Encumbered
Loans and Advances	42,750,381,474	Encumbered
Fixed assets including land, building, furniture and equipment:		
Furniture & fixtures	17,576,330	Encumbered
Office Equipment	6,503,051	Encumbered
Computer and computer equipment	14,460,863	Encumbered
Vehicles	4,938,031	Encumbered
Building	173,364,732	Encumbered
Land	13,658,300	Encumbered
Right of use asset	57,118,206	Encumbered
Intangible asset:		
Software	2,261,435	Encumbered
Other Assets:	163,712,258	Encumbered
Total	58,607,015,867	

Secured Loans:

	Amount as of December 31, 2020	% of Total Asset
a) Secured Short-term & long-term loans:		
Pubali Bank Limited	-	
Standard Chartered Bank	250,000,000	
Citi Bank, NA	290,000,000	
Commercial Bank of Ceylon plc	750,000,000	
b) Secured Bank Overdraft:		
Commercial Bank of Ceylon plc	245,418	
Woori Bank	111,131,186	
Pubali Bank Limited	150,450,201	
Standard Chartered Bank	20,369,191	
Total Secured Loan*	1,572,195,996	2.68%

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***Note:**

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

However, against the secured loans while all assets are encumbered, the total secured loan as a percent of total asset is only 2.68%. Hence, even though the secured lenders have priority claim over all of the company's assets, their outstanding balance is not large enough to threaten investor protection in this regard.

E. PROFILE OF BOARD OF DIRECTORS

Mr. Nasir A. Choudhury

Chairman



Mr. Nasir A. 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 Master's 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. He 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 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.


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Dr. A M R Chowdhury

Vice Chairman



Dr. Mushtaque Chowdhury is the Vice Chair of BRAC, the world’s largest nongovernmental 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.

Ms. 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-pupillage 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.

Md. Moniruzzaman
 Managing Director
 IDLC Investments Limited

Mr. 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 Non-profit 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.

Mr. Syed Moinuddin Ahmed

Director



Mr. Syed Moinuddin Ahmed is a respected banking and finance professional in Bangladesh with an experience spanning over two decades. Having an MBA in Finance from the University of Dhaka, Mr. Ahmed started his career at Southeast Bank. Beginning as a management trainee at the bank, he subsequently drew rich experience by virtue of working with several other reputed commercial banks in the country and across various roles, before joining the renowned Green Delta Insurance Group in 2009.

Mr. Ahmed's contribution in evolving the GDIC Group into its present exalted status has been a highlight of his long and illustrious career. At Green Delta Insurance, the flagship of the GDIC Group, Mr. Ahmed has worked in various departments and has taken up several responsibilities that include managing Board affairs and engaging in business development, business process optimization, human resource and ensuring project deliverables. The recognition of Mr. Ahmed's relentless efforts in building strong foundations of the Group was his elevation to the role of Additional Managing Director and Company Secretary of Green Delta Insurance Company and Managing Director of GD Assist, a fast-emerging company in the group.

Today, Mr. Ahmed continues to lead and inspire his team through his experience and foresight. Having travelled throughout the world for work and having being exposed to several workshops and seminars globally, Mr. Ahmed is passionate about implementing global best management practices and technological advancements in Bangladesh, thereby contributing to the country's advancement in his

own small way. He has been a Director of DBH, nominated by Green Delta Insurance Company Limited, since September 2019.

Mr. M. Anisul Haque, FCMA

Director



Mr. M. Anisul Haque, FCMA is a Finance and Accounting Professional. He completed his M. Com in Management from Rajshahi University and MBA major in Finance from Dhaka University. He is also a Fellow Member of the Institute of Cost and Management Accountants of Bangladesh (ICMAB). Mr. Haque has 21 years of professional experience in the field in Finance, Accounting, Budgeting, Banking, Tax, Management Accounting and Capital Market Operation. He has been working with Shanta Group as Chief Finance Officer/ Finance Director since 1998. Mr. Haque is also holding the position of Director of Delta Life Securities Ltd. and Shanta Securities Ltd. He is actively engaged with various social activities and holding the membership of Kurmitola Golf Club, Banani Club and Gulshan Youth Club. He has been a Director of DBH, nominated by Delta Life Insurance Company Limited, since January 2020.



Mr. Mohammad Anisur Rahman

Director

Mr. Mohammad Anisur Rahman is a Mohammad Anisur Rahman has over 15 years of progressive leadership experience in managing multiple businesses with forward and backward linkages in FMCG, Food and Agro-Processing. He strives to create an enabling and cohesive environment where people can sell their ideas, get empowered and drive changes. Mr. Rahman leads social enterprises of BRAC in livestock, agriculture, aquaculture, horticulture and other sectors. He is also member of the Board of Directors for BRAC Services Limited, BRAC Industries Limited, and Bangladesh Netting Factory Limited. Prior to joining BRAC in October 2016, he was working as chief operating officer at PRAN, one of the largest agro-processors in Bangladesh. He also worked for other reputed organisations - Rahimafrooz, AC Nielsen Bangladesh, United Nations and Bangladesh University of Professionals.

Mr. Rahman brings with him a wealth of leadership experience, especially in the areas of marketing, sales, customer care, supply chain, human resources, production, and value chain integration. specialises in orchestrating large projects, start-ups, turnarounds and growth ventures. He is driven to provide strategic directions and improve the bottom line, while ensuring staff compliance to business policies and procedures. He holds an MBA in Marketing from University of Dhaka and obtained special training from Indian Institute of Management, Kolkata. Mr. Rahman has special interests in travelling, movies and golfing. He has been a Director of DBH, nominated by BRAC, since December 2020.

Md. Moniruzzaman
 Managing Director
 DLC Investments Limited

Md. Abdul Wadud
 SVP & Head of Finance
 Delta Brac Housing Finance Corporation Ltd.
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JASHIM UDDIN FCS
 Company Secretary
 Delta Brac Housing Finance Corp. Ltd.
 Landmark Building
 12-14 Gulshan North
 Gulshan-2, Dhaka


Nasimul Baten
 Managing Director & CEO
 Delta Brac Housing Finance Corp. Ltd.

Ms. 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 mobilise 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.

Mr. Major General Syeed Ahmed, BP, AWC, PSE (RETD.)

Independent Director



Major General Syeed Ahmed BP (retd), is a freedom fighter of the Liberation War of 1971. He served thirty-three years in Command, Administrative and Management positions and acquired experience at various echelons of Bangladesh Army and also in later years, in diplomatic postings, as Ambassador and High Commissioner to Kuwait and Kenya. During his tenure in the military he served as the Principal Staff Officer at the Armed Forces Division under the current Prime Minister. Armed Forces Division operates directly under the Prime Minister as the highest coordinating Headquarters for the three Services (Army, Navy and Air Force) of the Bangladesh Armed Forces. At the Army Headquarters level as Director Military Operations he oversaw the world wide deployment of Bangladesh Armed Forces in UN Peace Keeping Operations.

During his tenure he commanded Divisions, Brigades and Battalions in the field, which included serving as the General Officer Commanding (GOC) of the 19th and the 9th Infantry Division respectively.



He attended Army War College (awc) at Carlyle, Pennsylvania, USA, and National Defence University at Beijing, China. He is a BA (Honours) graduate in General History from University of Dhaka and completed his SSC and HSC from Faujdarhat Cadet College.

He had served as Advisor and CEO of BRACNet Limited, an Internet Service Provider Company, a joint venture between BRAC of Bangladesh, Defta Partners of USA and KDDI Corporation of Japan. He has been a Director of DBH, since December 2018

Mr. Nasimul Baten

Managing Director and CEO



Mr. Nasimul Baten is the Managing Director & CEO of the Company since January 01, 2021. He is the home grown Managing Director of the company where he served for 23 years before taking the lead role. He was previously working as Deputy Managing Director & Head of Business and also worked as Acting Managing Director of DBH from July 1, 2020 to December 31, 2020. He has more than two decades of experience in housing finance and real estate industry. He worked extensively with Bangladesh Bank, World Bank, IFC, ADB, FMO and other reputed local and international organizations for promoting affordable housing practices for the sustainable growth of real estate sector in Bangladesh and for promoting global best practices in the housing finance sector. He is leading the Executive Management team for DBH's next phase of growth as the company solidified its position as country's largest home loan provider and presently operating as one of the leading financial institutions. DBH achieved AAA rating for all consecutive years since 2005 with lowest level of NPLs among all financial institutions, where Nasim played significant leadership roles in various capacities like Head of Business, Head of Operations, Head of Home Loans, Head of Branch, etc.

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

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JASHIM UDDIN FCS
Company Secretary
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Md. Moiruzzaman
Managing Director
IDLC Investments Limited


Nasimul Baten
Managing Director & CEO
Delta Brac Housing Finance Corp. Ltd.

F. PROFILE OF MANAGEMENT

DBH Finance Corporation has a dedicated Management Committee comprising of senior executives and headed by the CEO & Managing Director. The members have long and diversified experience in different roles in the financial industry and are entrusted with key functions of the institution. The Management Committee is the highest decision and policy making authority of the management.

Brief profile of the Management Committee of DBH is provided below.

Name	Academic Background	Experience
Mr. Nasimul Baten	BBA and MBA from IBA, University of Dhaka.	Managing Director & CEO, Delta Brac Housing Finance Corporation Ltd. (DBH) since January 01, 2021. He is the home grown Managing Director of the company. He has about 23 years' experience and training in the financial services industry both at home and abroad.
Mr. Tanvir Ahmad	MSS from University of Dhaka.	Deputy Managing Director in DBH since March 01, 2020. He has over 30 years' experience which also includes different multinational organizations.
Mr. A.K.M. Tanvir Kamal	B. Sc. in Civil Engineering from BUET. MBA from IBA, University of Dhaka.	Deputy Managing Director in DBH since March 01, 2020. He has about 25 years' experience and training in the financial services industry both at home and abroad.
Mr. Hassan I Yussouf	B.Sc. from RUET, Rajshahi. MBA from IBA, University of Dhaka.	Deputy Managing Director in DBH since March 01, 2020. He has about 25 years' experience and training in the IT field both at home and abroad.
Mr. Saiyaf Ejaz	MBA from A. M. C. Bangalore, India	Executive Vice President in DBH since July 01, 2019. He has about 22 years' experience.
Mr. Md. Zakaria Eusuf	B.Sc. from BUET. MBA from IBA, University of Dhaka,	Senior Vice President in DBH since July 01, 2015. He has about 20 years' experience.
Mr. Jashim Uddin, FCS	MSS from University of Dhaka. Completed the Chartered Secretary Course from ICSB.	Senior Vice President in DBH since July 01, 2019. He has about 25 years' experience.
Mr. Md. Abdul Wadud, FCA	MBS from Dhaka College. A qualified Chartered Accountant from ICAB.	Senior Vice President in DBH since November 16, 2020. He has about 15 years' experience.

Md. Moniruzzaman
Managing Director
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Md. Abdul Wadud
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Jashim Uddin
JASHIM UDDIN FCS
Company Secretary
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Gulshan-2, Dhaka-1212

Nasimul Baten
Nasimul Baten
Managing Director & CEO
Delta Brac Housing Finance Corp. Ltd.
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G. DESCRIPTION OF ASSETS AND LIABILITIES

Assets (as of 31 December 2020)

Cash, Bank Balances, Money at Call on Short Notice and Investments

Items	Amount in BDT	% of Total Asset
Cash in Hand	575,240,921	1.00%
Balance with other banks and financial institutions	14,338,776,038	24.5%
Money at call and short notice	-	-
Investments	489,024,228	0.8%
Loans and advances	42,750,381,474	72.9%
Fixed assets including land, building, furniture and fixtures	289,880,948	0.5%
Other assets	163,712,258	0.3%
Total Assets	58,607,015,867	100.00%

Investments

Item	Amount in BDT
Government	1,040,323
Others	487,983,905
Total Investments	489,024,228

Fixed Assets

Items	Amount in BDT (Cost value)
Land	13,658,300
Building	198,480,625
Furniture and fixtures	67,571,775
Office equipment	32,285,503
Computer and computer equipment	56,718,630
Motor vehicles	41,767,205
Intangible assets	8,012,936
Right of Use of Asset	97,810,612
Total Cost	516,305,586
Less: Accumulated depreciation	226,424,638
Total Written Down Value	289,880,948

Other Assets

Items	Amount in BDT
Accounts receivable	140,576,576
Advances, deposits and prepayments	20,444,817
Deferred tax asset	0
Stamps and pay order in hand	2,690,865

Items	Amount in BDT
Total Other Assets	163,712,258

Liabilities (as of 31 December 2020)

Borrowings from other banks & financial institutions and agents

Items	Amount in BDT
a) Inside Bangladesh	5,571,061,010
Secured short-term and long-term loans	1,290,000,000
Pubali Bank Limited	250,000,000
Citi Bank N. A.	290,000,000
Commercial Bank of Ceylon PLC	750,000,000
Unsecured long-term loan	1,708,865,014
Bangladesh Bank (Housing refinance)	1,708,865,014
Bank overdraft	282,195,996
Call loans	2,290,000,000
Total borrowings	5,571,061,010

Deposits and Other Accounts

Items	Amount in BDT
Fixed deposits	43,826,874,936
Total	43,826,874,936

Other Liabilities

Items	Amount in BDT
Provision for loans and investments	949,565,925
Provision for income tax	389,870,891
Interest suspense	57,660,952
Other payables	1,374,468,216
Deferred Tax Liabilities	6,057,948
Total	2,777,623,932


Md. Moniruzzaman
Managing Director
IDLC Investments Limited


Nasimul Baten
Managing Director & CEO
Delta Brac Housing Finance Corp. Ltd.

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JASHIM UDDIN FCS
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H. DESCRIPTION OF PREVIOUSLY ISSUED DEBT OR SECURITIES

In the year 2008, DBH received the consent from Bangladesh Securities and Exchange Commission (BSEC) as well as NOC from Bangladesh Bank to Issue Redeemable & Non-Convertible Zero Coupon Bond to raise up to BDT 1,500 Million of which BDT 300 Million was subscribed by investors. The bond has been fully redeemed.

Sl no	Date of consent	Date of subscription	Maturity period	Figures in Crore Taka				Default if any
				Issue amount	Subscription amount	Redemption amount	Outstanding amount	
01	05 March, 2008	10 June, 2008	5 Years	150	30	30	Nil	Nil

In the year 2019, DBH received the consent from Bangladesh Securities and Exchange Commission (BSEC) as well as NOC from Bangladesh Bank to Issue Redeemable & Non-Convertible Zero Coupon Bond to raise up to BDT 3,000 Million .However due to drastic change in interest rate scenario and availability of fund at comparatively lower rate at that point of time, the issuer didn't raise the said fund and the company has been in a favourable position considering the declining trend of interest since the year 2020.


Md. Moniruzzaman
Managing Director
IDLC Investments Limited


Nasimul Baten
Managing Director & CEO
Delta Brac Housing Finance Corp. Ltd.

Md. Abdul Wadud
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13. AUDITED FINANCIAL STATEMENTS OF THE ISSUER, DELTA BRAC HOUSING FINANCE CORPORATION LIMITED

a. Balance Sheet (as at 31 December 2020)

Delta Brac Housing Finance Corporation Limited				
Balance Sheet				
As at 31 December 2020				
	Notes	Amount in Taka		
		31 December 2020	31 December 2019	01 January 2019
			Restated	
PROPERTY AND ASSETS				
Cash		575,240,921	873,001,710	798,514,488
In hand	3.1	132,671	105,037	106,217
Balance with Bangladesh Bank and its agent Bank	3.2	575,108,250	872,896,673	798,408,271
Balance with other banks and financial institutions		14,338,776,038	13,028,725,061	11,779,169,860
In Bangladesh	4.1	14,338,776,038	13,028,725,061	11,779,169,860
Outside Bangladesh		-	-	-
Money at call on short notice	5	-	-	-
Investments	6	489,024,228	462,108,462	607,821,066
Government		1,040,323	1,078,570	1,114,848
Others		487,983,905	461,029,892	606,706,218
Loans and advances		42,750,381,474	44,521,893,390	43,847,701,062
Loans and advances	7	42,750,381,474	44,521,893,390	43,847,701,062
Fixed assets including land, building, furniture and equipment	8	289,880,948	279,704,267	169,515,890
Other assets	9	163,712,258	114,496,609	296,259,328
Total Assets		58,607,015,867	59,279,929,499	57,498,981,694
LIABILITIES AND CAPITAL				
Liabilities				
Borrowing from other banks and financial institutions	10	5,571,061,010	7,051,344,655	6,085,478,083
Deposits and other accounts		43,826,874,936	43,411,284,633	43,318,721,105
Fixed deposits	11.1	43,826,874,936	43,411,284,633	43,318,721,105
Other deposits		-	-	-
Other liabilities	12	2,777,623,932	3,008,695,578	3,054,803,259
Total Liabilities		52,175,559,878	53,471,324,866	52,459,002,447
Shareholders' equity				
Paid-up capital	13.2	1,541,425,810	1,340,370,270	1,218,518,430
Share premium	14	55,000,000	55,000,000	55,000,000
Statutory reserve	15	1,486,425,811	1,340,370,271	1,307,430,064

Md. Abdul Wadud
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Nasimul Baten
Managing Director & CEO
Delta Brac Housing Finance Corp. Ltd.

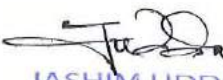
Ma Moniruzzaman
Managing Director
IDLC Investments Limited

Other reserves	16	2,825,040,000	2,575,040,000	2,025,040,000
Retained earnings	33	523,564,368	497,824,092	433,990,753
Total equity		6,431,455,989	5,808,604,633	5,039,979,247
Total liabilities and Shareholders' equity		58,607,015,867	59,279,929,499	57,498,981,694
OFF-BALANCE SHEET ITEMS				
Contingent liabilities	17.1			
Acceptances and endorsement		-	-	-
Letter of guarantee		-	-	-
Irrevocable letter of credits		-	-	-
Bills for collection		-	-	-
Other contingent liabilities		54,040,388	61,612,242	35,969,622
Total contingent liabilities		54,040,388	61,612,242	35,969,622
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		578,220,000	410,580,000	506,775,000
Total other commitments		578,220,000	410,580,000	506,775,000
Total Off-Balance Sheet items including contingent liabilities		632,260,388	472,192,242	542,744,622


Md. Moniruzzaman
 Managing Director
 IDLC Investments Limited


Nasimul Baten
 Managing Director & CEO
 Delta Brac Housing Finance Corp. Ltd.

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b. Profit & Loss Account (as at 31 December 2020)

Delta Brac Housing Finance Corporation Limited			
Profit and Loss Account			
For the year ended 31 December 2020			
	Notes	Amount in Taka	
		2020	2019
			Restated
Interest Income	18	5,908,789,297	6,352,769,970
Interest paid on deposits and borrowings etc.	19	(3,960,184,480)	(4,644,846,591)
Net Interest Income		1,948,604,817	1,707,923,379
Income from investment	20	24,150,831	26,835,187
Commission, exchange and brokerage	21	155,864,097	199,772,398
Other operating income	22	19,674,791	6,795,002
Total operating income		2,148,294,536	1,941,325,966
Salary and allowances	23	354,075,491	337,505,438
Rent, taxes, insurance, electricity etc.	24	32,007,229	34,585,575
Legal & professional expenses	25	12,567,554	8,347,617
Postage, stamp, telecommunication etc.	26	6,882,924	7,632,955
Stationery, printing, advertisements etc.	27	7,416,751	15,129,389
Managing Director's salary and fees	27.1	7,050,000	15,100,000
Directors' fees and expenses	28	956,897	658,837
Auditor's fees	29	517,500	483,000
Depreciation, repairs & maintenance	30	60,950,452	62,380,239
Other expenses	31	41,001,532	41,841,934
Total operating expenses		523,426,330	523,664,984
Profit before provisions		1,624,868,206	1,417,660,982
Provisions:			
Loans and advances	12.1.A	151,605,837	(181,159,783)
Diminution in value of investments	12.1.3	(24,897,811)	43,950,370
Total provisions		126,708,026	(137,209,413)
Profit before tax		1,498,160,180	1,554,870,395
Provision for tax:	32		
Current tax		604,672,845	477,069,747
Deferred tax expense		2,561,925	4,545,655
		607,234,770	481,615,402
Profit after tax		890,925,410	1,073,254,993
Appropriations			
Statutory reserve		146,055,540	32,940,207
General reserve		250,000,000	350,000,000
		396,055,540	382,940,207
Retained surplus		494,869,870	690,314,786
Earnings Per Share (Restated)	34	5.78	6.96


Md. Moniruzzaman
Managing Director
IDLC Investments Limited


Nasimul Baten
Managing Director & CEO
Delta Brac Housing Finance Corp. Ltd.

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c. Cash Flow Statement (as at 31 December 2020)

Delta Brac Housing Finance Corporation Limited			
Cash Flow Statement			
For the year ended 31 December 2020			
	Notes	Amount in Taka	
		2020	2019
Cash flows from operating activities			Restated
Interest received		5,879,538,005	6,474,351,683
Interest payments		(4,471,792,244)	(4,461,828,453)
Dividend received		8,282,628	31,004,890
Fees and commission received		155,864,097	199,772,398
Paid to employees and suppliers		(484,347,615)	(498,651,984)
Income tax paid		(491,037,085)	(566,173,357)
Received from other operating activities		23,912,083	3,804,256
Cash generated from operating activities before changes in operating assets and liabilities		620,419,869	1,182,279,433
Increase/(decrease) in operating assets and liabilities			
Loans and advances to customers		1,771,166,576	(680,739,652)
Investment in marketable securities and lock in share		(28,954,013)	676,326
Other assets		1,552,292	60,110,985
Loans and deposits from banks and other customers		(914,794,871)	1,402,661,487
Other liabilities		(2,658,028)	(34,933,202)
		826,311,956	747,775,944
Net cash flows from/(used in) operating activities	37	1,446,731,825	1,930,055,377
Cash flows from investing activities			
Net proceeds(Payments) for sale/purchase of Treasury Bills		38,247	36,278
Other investments		2,000,000	145,000,000
Purchase of property, plant & equipment, ROU asset		(19,660,043)	(102,690,620)
Proceeds from sell of property, plant & equipment		1,152,901	500,235
Net cash flows from/(used in) investing activities		(16,468,895)	42,845,893
Cash flows from financing activities			
Redemption of short term loan		-	-
Payments for redemption of preference share		-	-
Payment of Preference share dividend		-	-
Cash dividend paid		(268,074,055)	(304,629,607)
Payment for finance lease		-	-
Net cash flows from/(used in) financing activities		(268,074,055)	(304,629,607)
Net increase/(decrease) in cash and cash equivalents		1,162,188,875	1,668,271,663
Effects of exchange rate changes on cash and cash equivalents		(217)	2,148
Cash and cash equivalents (net off overdraft) at the beginning of the period		13,469,632,304	11,801,358,493
Cash and cash equivalents (net off overdraft) at the end of the period	37A	14,631,820,962	13,469,632,304

For the detailed Audited Financials as at 31 December 2020, please see Annexure – 2

Md. Abdul Wadud
SVP & Head of Finance
Delta Brac Housing Finance Corporation Ltd.
Landmark Building (11th Floor)
12-14 Gulshan North C/A
Gulshan-2, Dhaka-1212

JASHIM UDDIN FCS
Company Secretary
Delta Brac Housing Finance Corp. Ltd
Landmark Building
12-14 Gulshan North C/A
Gulshan-2, Dhaka-1212

Nasimul Baten
Managing Director & CEO
Delta Brac Housing Finance Corp. Ltd.

14. BRIEF OVERVIEW AND COMPARATIVE FINANCIAL STATEMENTS

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 dream of owning a home. Among all Banks and Financial Institutions of Bangladesh only DBH has been rated the highest 'AAA' credit rating for fifteen 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.


Comparative financial performance of DBH over the last three years has been presented below.

DELTA BRAC HOUSING FINANCE CORPORATION LIMITED						
Balance Sheet						
	Notes	Amount in Taka				
		31 December 2020	31 December 2019	31 December 2018	31 December 2017	31 December 2016
Restated						
PROPERTY AND ASSETS						
Cash		575,240,921	873,001,710	798,514,488	634,064,843	558,798,869
In hand	3.1	132,671	105,037	106,217	89,700	68,427
Balance with Bangladesh Bank and its agent Bank	3.2	575,108,250	872,896,673	798,408,271	633,975,143	558,730,442
Balance with other banks and financial institutions		14,338,776,038	13,028,725,061	11,779,169,860	10,697,156,711	9,272,864,801
In Bangladesh	4.1	14,338,776,038	13,028,725,061	11,779,169,860	10,697,156,711	9,272,864,801
Outside Bangladesh		-	-	-	-	-
Money at call on short notice	5	-	-	-	-	-
Investments	6	489,024,228	462,108,462	607,821,066	643,028,086	441,258,646
Government		1,040,323	1,078,570	1,114,848	1,145,176	1,057,687
Others		487,983,905	461,029,892	606,706,218	641,882,910	440,200,959
Loans and advances		42,750,381,474	44,521,893,390	43,847,701,062	42,243,352,611	35,838,371,384
Loans and advances	7	42,750,381,474	44,521,893,390	43,847,701,062	42,243,352,611	35,838,371,384
Fixed assets including land, building, furniture and equipment	8	289,880,948	279,704,267	169,515,890	178,470,140	157,513,532
Other assets	9	163,712,258	114,496,609	296,259,328	184,780,123	202,898,065
Total Assets		58,607,015,867	59,279,929,499	57,498,981,694	54,580,852,514	46,471,705,297
LIABILITIES AND CAPITAL						
Liabilities						
Borrowing from other banks and financial institutions	10	5,571,061,010	7,051,344,655	6,085,478,083	6,515,419,275	6,080,579,105
Deposits and other accounts		43,826,874,936	43,411,284,633	43,318,721,105	41,187,889,744	34,393,955,116
Fixed deposits	11.1	43,826,874,936	43,411,284,633	43,318,721,105	41,187,889,744	34,393,955,116
Other deposits		-	-	-	-	-
Other liabilities	12	2,777,623,932	3,008,695,578	3,054,803,259	2,519,907,282	2,405,758,399
Total Liabilities		52,175,559,878	53,471,324,866	52,459,002,447	50,223,216,301	42,880,292,620
Shareholders' equity						
Paid-up capital	13.2	1,541,425,810	1,340,370,270	1,218,518,430	1,218,518,430	1,218,518,430
Share premium	14	55,000,000	55,000,000	55,000,000	55,000,000	55,000,000
Statutory reserve	15	1,486,425,811	1,340,370,271	1,307,430,064	1,225,083,409	1,035,283,149
Other reserves	16	2,825,040,000	2,575,040,000	2,025,040,000	1,445,040,000	1,058,040,000
Retained earnings	33	523,564,368	497,824,092	433,990,753	413,994,374	224,571,098
Total equity		6,431,455,989	5,808,604,633	5,039,979,247	4,357,636,213	3,591,412,677
Total liabilities and Shareholders' equity		58,607,015,867	59,279,929,499	57,498,981,694	54,580,852,514	46,471,705,297


Md. Moniruzzaman
 Managing Director
 IDLC Investments Limited


Nasimul Baten
 Managing Director & CEO
 Delta Brac Housing Finance Corp. Ltd.

Md. Abdul Wadud
 SVP & Head of Finance
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 Company Secretary
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OFF-BALANCE SHEET ITEMS					
Contingent liabilities	17.1				
Acceptances and endorsement		-	-	-	-
Letter of guarantee		-	-	-	-
Irrevocable letter of credits		-	-	-	-
Bills for collection		-	-	-	-
Other contingent liabilities		54,040,388	61,612,242	35,969,622	223,985,758
Total contingent liabilities		54,040,388	61,612,242	35,969,622	223,985,758
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		578,220,000	410,580,000	506,775,000	605,634,964
Total other commitments		578,220,000	410,580,000	506,775,000	605,634,964
Total Off-Balance Sheet items including contingent liabilities		632,260,388	472,192,242	542,744,622	829,620,722
					16,739,437
					638,770,000
					638,770,000
					655,509,437

Profit and Loss Account						
Notes	Amount in Taka				01 July, 2016 To 31 December 2016	
	2020	2019	2018	2017		
Interest Income	18	5,908,789,297	6,352,769,970	5,855,189,028	4,573,375,022	2,103,403,716
Interest paid on deposits and borrowings etc.	19	(3,960,184,480)	(4,644,846,591)	(4,062,413,858)	(2,967,576,413)	(1,324,118,910)
Net Interest Income		1,948,604,817	1,707,923,379	1,792,775,170	1,605,798,609	779,284,806
Income from investment	20	24,150,831	26,835,187	45,906,426	43,484,977	21046383.51
Commission, exchange and brokerage	21	155,864,097	199,772,398	146,116,642	149,917,196	72830105.2
Other operating income	22	19,674,791	6,795,002	11,239,822	18,682,623	11,531,109
Total operating income		2,148,294,536	1,941,325,966	1,996,038,060	1,817,883,405	884,692,404
Salary and allowances	23	354,075,491	337,505,438	324,963,562	292,768,742	131,253,554
Rent, taxes, insurance, electricity etc.	24	32,007,229	34,585,575	53,797,572	48,935,777	23,297,417
Legal & professional expenses	25	12,567,554	8,347,617	4,709,869	3,042,989	1,352,369
Postage, stamp, telecommunication etc.	26	6,882,924	7,632,955	8,117,410	7,604,208	3,089,192
Stationery, printing, advertisements etc.	27	7,416,751	15,129,389	14,458,419	11,791,604	7,147,986
Managing Director's salary and fees	27.1	7,050,000	15,100,000	15,100,000	13,580,000	5,530,000
Directors' fees and expenses	28	956,897	658,837	690,716	749,610	426,254
Auditor's fees	29	517,500	483,000	460,000	402,500	201,250
Depreciation, repairs & maintenance	30	60,950,452	62,380,239	37,608,567	36,266,666	14,452,199
Other expenses	31	41,001,532	41,841,934	35,467,131	34,036,911	15,877,960
Total operating expenses		523,426,330	523,664,984	495,373,246	449,179,007	202,628,181
Profit before provisions		1,624,868,206	1,417,660,982	1,500,664,814	1,368,704,398	682,064,223
Provisions:						
Loans and advances	12.1.A	151,605,837	(181,159,783)	(146,239,976)	(103,379,921)	78,622,963
Diminution in value of investments	12.1.3	(24,897,811)	43,950,370	40,369,345	(20,394,053)	531,089
Total provisions		126,708,026	(137,209,413)	(105,870,631)	(123,773,974)	79,154,052
Profit before tax		1,498,160,180	1,554,870,395	1,606,535,445	1,492,478,372	602,910,171
Provision for tax:	32					
Current tax		604,672,845	477,069,747	557,865,603	539,675,404	271,410,390
Deferred tax expense		2,561,925	4,545,655	771,279	3,801,667	690,373
		607,234,770	481,615,402	558,636,882	543,477,071	272,100,763
Profit after tax		890,925,410	1,073,254,993	1,047,898,563	949,001,301	330,809,408
Appropriations						
Statutory reserve		146,055,540	32,940,207	82,346,655	189,800,260	66,161,882
General reserve		250,000,000	350,000,000	580,000,000	112,000,000	-
		396,055,540	382,940,207	662,346,655	301,800,260	66,161,882
Retained surplus		494,869,870	690,314,786	385,551,908	647,201,041	264,647,526
Earnings Per Share (Restated)	34	5.78	6.96	7.82	7.79	2.71

Cash Flow Statement						
	Notes	Amount in Taka				01 July, 2016 To 31 December 2016
		2020	2019	2018	2017	
Cash flows from operating activities						
Interest received		5,879,538,005	6,474,351,683	5,782,015,643	4,563,278,659	2,047,037,299
Interest payments		(4,471,792,244)	(4,461,828,453)	(3,550,601,113)	(2,953,811,910)	(1,269,615,530)
Dividend received		8,282,628	31,004,890	38,497,143	29,509,045	11,256,768
Fees and commission received		155,864,097	199,772,398	146,116,642	149,917,196	72,830,105
Paid to employees and suppliers		(484,347,615)	(498,651,984)	(345,071,987)	(345,047,657)	(116,707,341)
Paid to supplier and for various operating expenses				(81,940,253)	(117,346,460)	(37,261,364)
Income tax paid		(491,037,085)	(566,173,357)	(499,483,207)	(299,865,959)	(290,887,549)
Received from other operating activities		23,912,083	3,804,256	18,871,556	32,587,672	13,516,845
Cash generated from operating activities before changes in operating assets and liabilities		620,419,869	1,182,279,433	1505,404,424	1,059,220,586	430,169,233
Increase/(decrease) in operating assets and liabilities						
Loans and advances to customers		1,771,166,576	(680,739,652)	(1,600,393,913)	(6,406,138,076)	(2,258,519,471)
Investment in marketable securities and lock in share		(28,954,013)	676,326	(4,823,309)	(71,681,950)	(13,590,108)
Other assets		1,552,292	60,110,985	(34,644,454)	14,981,971	(7,992,028)
Loans and deposits from banks and other customers		(914,794,871)	1,402,661,487	1,439,864,012	7,394,798,699	5,499,496,491
Other liabilities		(2,658,028)	(34,933,202)	19,737,641	27,206,879	(3,295,954)
		826,311,956	747,775,944	(180,260,023)	959,167,523	3,216,098,930
Net cash flows from/(used in) operating activities	37	1,446,731,825	1,930,055,377	1,328,144,401	2,018,388,109	3,646,268,163
Cash flows from investing activities						
Net proceeds/(Payments) for sale/purchase of Treasury Bills		38,247	36,278	30,328	(87,489)	27,692
Other investments		2,000,000	145,000,000	40,000,000	(130,000,000)	-
Purchase of property, plant & equipment, ROU asset		(19,660,043)	(102,690,620)	(17,304,148)	(42,627,166)	(18,276,095)
Proceeds from sell of property, plant & equipment		1,152,901	500,235	121,585	2,686,096	1,600
Net cash flows from/(used in) investing activities		(16,468,895)	42,845,893	22,847,765	(170,028,559)	(18,246,803)
Cash flows from financing activities						
Redemption of short term loan		-	-	-	-	-
Payments for redemption of preference share		-	-	-	-	-
Payment of Preference share dividend		-	-	-	-	-
Cash dividend paid		(268,074,055)	(304,629,607)	(365,555,529)	(182,777,765)	(348,148,125)
Payment for finance lease		-	-	-	-	-
Net cash flows from/(used in) financing activities		(268,074,055)	(304,629,607)	(365,555,529)	(182,777,765)	(348,148,125)
Net increase/(decrease) in cash and cash equivalents		1,162,188,875	1,668,271,663	985,436,637	1,665,581,785	3,279,873,235
Effects of exchange rate changes on cash and cash equivalents		(217)	2,148	-	0	0
Cash and cash equivalents (net off overdraft) at the beginning of the period		13,469,632,304	11,801,358,493	10,815,921,856	9,150,340,071	5,870,466,836
Cash and cash equivalents (net off overdraft) at the end of the period	37A	14,631,820,962	13,469,632,304	11,801,358,493	10,815,921,856	9,150,340,071

15. RATIOS FOR THE LAST FIVE ACCOUNTING YEARS

Key ratios of DBH over the five three years is presented below;

Sl.	Particulars	Metric	2020	2019	2018	2017	2016
1	Current Ratio*	N/A	N/A	N/A	N/A	N/A	N/A
2	Quick Ratio*	N/A	N/A	N/A	N/A	N/A	N/A
3	Times Interest Earned Ratio*	N/A	N/A	N/A	N/A	N/A	N/A
4	Break-Even Point*	N/A	N/A	N/A	N/A	N/A	N/A
5	Accounts Receivable Turnover Ratio*	N/A	N/A	N/A	N/A	N/A	N/A
6	Inventory Turnover Ratio*	N/A	N/A	N/A	N/A	N/A	N/A
7	Asset Turnover Ratio*	N/A	N/A	N/A	N/A	N/A	N/A
8	Debt Service Coverage Ratio*	N/A	N/A	N/A	N/A	N/A	N/A
9	Gross Margin Ratio*	N/A	N/A	N/A	N/A	N/A	N/A
10	Operating Income Ratio*	N/A	N/A	N/A	N/A	N/A	N/A
11	Net Income Ratio*	N/A	N/A	N/A	N/A	N/A	N/A
12	Debt to Equity Ratio	Times	8.11	9.21	10.41	11.53	11.94
13	Debt to Total Asset Ratio	%	89%	90%	91%	92%	92%
14	Net Interest Margin (NIM)	%	3.40%	3.04%	3.34%	3.30%	3.69%**
15	Loan To Fund Ratio	%	76.57%	79.12%	80.54%	81.14%	81.33%
16	Cost Income Ratio	%	24.36%	26.97%	24.82%	24.71%	22.90%
17	Return on Avg. Equity	%	14.56%	19.79%	22.30%	23.88%	18.38%**
18	Return Avg. Assets	%	1.51%	1.84%	1.87%	1.88%	1.52%**
19	Capital Adequacy Ratio	%	24.22%	21.92%	18.90%	17.16%	15.80%
20	Non-performing Loan Ratio	%	0.41%	0.45%	0.30%	0.27%	0.36%
22	Earnings Per Share	BDT	5.78	8.04	8.60	7.79	5.43**
23	Earnings Per Share (Restated)	BDT	5.78	6.96	7.82	7.79	5.43**
24	NAV per Share	BDT	41.72	43.34	41.36	35.76	29.47
25	NAV per Share (Restated)	BDT	41.72	37.68	37.60	35.76	29.47

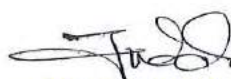
*Not applicable for FIs

** Annualized


Md. Moniruzzaman
Managing Director
IDLC Investments Limited


Nasimul Baten
Managing Director & CEO
Delta Brac Housing Finance Corp. Ltd.

Md. Abdul Wadud
SVP & Head of Finance
Delta Brac Housing Finance Corporation Ltd.
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Company Secretary
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Landmark Building
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16. CREDIT RATING REPORT OF THE ISSUE

Credit Rating of Issuer: Delta Brac Housing Finance Corporation Limited

Date of Declaration	Valid Till	Rating Action	Long Term	Short Term	Rated By	Outlook
June 10, 2021	June 30, 2022	Surveillance	AAA	ST-1	ECRL	Stable

*ECRL- Emerging Credit Rating Ltd.

Credit Rating of the Issue: DBH BDT 3.0 Billion Zero Coupon Bonds

Date of Declaration	Valid Till	Rating Action	Long Term	Rated By	Outlook
June 16, 2021	June 15, 2022	Initial	AA+B	ECRL	Stable

Credit Rating Report of DBH Non-Convertible Privately Placed BDT 3,000 Million Zero Coupon Bonds has been done by Emerging Credit Rating Limited based on Audited Financial Statements up to 31 December 2020 and other relevant quantitative as well as qualitative information up to the date of rating declaration.

For Detailed Credit Rating Report of the Issue, please see Annexure-3.

17. LATEST DEFAULT MATRIX AND TRANSITION STATISTICS OF CRC

(Provided in Annexure 06)


Md Mohiruzzaman
Managing Director
IDLC Investments Limited


Nasimul Baten
Managing Director & CEO
Delta Brac Housing Finance Corp. Ltd.

Md. Abdul Wadud
SVP & Head of Finance
Delta Brac Housing Finance Corporation Ltd.
Landmark Building (11th Floor)
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Gulshan-2, Dhaka-1212


JASHIM UDDIN FCS
Company Secretary
Delta Brac Housing Finance Corp. Ltd.
Landmark Building
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Gulshan-2, Dhaka-1212



18. DESCRIPTION OF THE TRUSTEE: IDLC INVESTMENTS LIMITED

Background

IDLC Investments Limited is acting as Trustee for DBH Zero Coupon Bond subject to regulatory approval.

IDLC Investments Limited (IDLCIL), a leading merchant bank in Bangladesh, has been operating in the capital market for over twenty years and offers a host of diverse financial services and solutions to institutional and individual clients to meet their unique requirements.

IDLC Finance commenced its merchant banking operations in 1999 and aligning with regulatory requirements, the merchant banking operation was transferred to IDLC Investments Limited, a fully-owned subsidiary of IDLC Finance, which was established in 2011.

Our key strength lies in our ability to value and position a company in the financial market correctly, devise the best financial structure, showcase the enterprise to the right investors, complete the entire process smoothly and efficiently, leveraging our strong co-ordination with regulatory authorities, ensure growth and continuous value-creation for the company.

The head office of IDLC Investment Limited is situated at DR Tower (4th Floor), Bir Protik Gazi Golam Dastagir Road, Purana Paltan, Dhaka 1000

Authorized Capital: BDT 3,000 Million

Paid Up Capital: BDT 2,200 Million

Vision, Mission and Core Values

Vision: We will be the best financial brand in the country

Our Mission: We will focus on quality growth, superior customer experience and sustainable business practices.

Our Values: Customer Focus, Trust & Respect, Equal Opportunity, Eco-Friendly, Integrity, Simplicity and Passion

Key Milestones

1998- Obtained merchant banking license

1999- Commenced merchant banking through participation in underwriting

2003- Managed first IPO as Issue Manager

2004- Commencement of Margin Loan Operations

2010- Managed 1st ever IPO in Book Building Method

2011 - Merchant Banking Division turned into separate company as IDLC Investments Limited, a wholly-owned subsidiary of IDLC


2016 - Launched 'EASY INVEST'- A Monthly Investment Scheme

2020 - Managed the biggest ever IPO in the history of Bangladesh


Md. Moniruzzaman
Managing Director
IDLC Investments Limited


Nasimul Baten
Managing Director & CEO
Delta Brae Housing Finance Corp. Ltd.

Md. Abdul Wadud
SVP & Head of Finance
Delta Brae Housing Finance Corporation Ltd.
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JASHIM UDDIN FCS
Company Secretary
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Major Products & Services

➤ Products

- Margin Loan
- Discretionary Portfolio Management

➤ Services

- Corporate Advisory
- Issue Management
- Underwriting
- Acting as Trustee of bond issuances

Status of Debt Securities issued under trusteeship of IDLC Investments Limited

Present status of issued debt securities in which IDLC Investments Limited is acting as Trustee is as follows -

SL	Name of the Issue	Maturity Period	IM Issue Date	Date of Completion of subscription	Value of debt (BDT Million)	Repayment Amount (BDT Million)	Outstanding as on July 08, 2021 (BDT Million)	Default (If Any)	Remarks
1	City Bank 2nd Subordinated Bond	7 years	June 19, 2017	June 21, 2017	5,000		5,000	Nil	
2	Standard Bank 2nd Subordinated Debt	7 years	June 8, 2017	September 17, 2017	4,000	800	3,200	Nil	
3	Paramount Textile Limited Zero Coupon Bond	4 years	November 1, 2017	August 19, 2018	430	316.25	113.75	Nil	
4	United Commercial Bank 3rd Subordinated Bond	7 years	December 28, 2017	March 16, 2018	7,000	1,400	5,600	Nil	
5	Tarasima Apparels Limited Zero Coupon Bond	4 years	June 12, 2018	September 11, 2019	230	102.5	127.5	Nil	
6	City Bank Perpetual Bond	Perpetual	December 10, 2020	March 07, 2021	4,000	Nil	4,000	Nil	
	Total				20,660	2,618.75	18,041.25		


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Managing Director
IDLC Investments Limited


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19. MODUS OPERANDI OF THE ISSUE

Application Procedure

The Arranger shall procure that the prospective investors shall have been provided with a copy of the Information Memorandum and an invitation letter to subscribe. Based on the Information Memorandum and subsequent clarification of queries (if any), the investors shall submit a letter of commitment to the Arranger with the amount of intended subscription specified.

Subscription and Closing

Subject to Clause (*Conditions Precedent*), the closing of the issue and subscription of the Bonds shall take place on the Closing Date.

Execution of Subscription Agreement

The Issuer, Subscriber, Registrar and Agent shall execute Subscription Agreement for the purpose of subscription of Bonds.

Payment of net issue proceeds:

On the Closing Date, the investor shall pay the purchase price of the Bonds set forth in the Subscription Agreement to the Issuer in Bangladesh Taka for same day value to the account prescribed in the same.

Registration

On the Closing Date, the Issuer shall procure that the principal amount of Bonds subscribed for by the investor for which payment has been received in accordance with Clause: *Payment of net issue proceeds* are registered in name of the investor in accordance with the Subscription Agreement, the Trust Deed, the Conditions and the Agency Agreement.

Notwithstanding anything contained herein, the subscription period for the Bond shall be not less than 30 (Thirty) days and not more than 180 (One Hundred and Eighty) days from the date of consent or as per conditions of the consent letter issued by BSEC.

Allotment:

On the closing date, to be determined, the Issuer shall allot and issue the Bonds, in registered form in a minimum denomination of BDT 5,00,000 and integral multiples thereof. A bond certificate (each a "**Bond Certificate**") will be issued to each Bondholder in respect of its registered holding of each series of Bonds. Each Bond and each Bond Certificate will be numbered serially with an identifying number which will be recorded on the relevant Bond Certificate and in the register of Bondholders (the "**Register**"), which will be kept by Registrar on behalf of the Issuer.

Each of the Issuer, the Trustee and any Agent may deem and treat the registered holder of a Bond as the absolute owner of such Bond, free of any equity, set-off or counterclaim on the part of the Issuer against the original or any intermediate Holder of such Bond (whether or not the Bond shall be overdue and notwithstanding any notation of ownership or other writing thereon or any notice of previous loss or theft of the Bond Certificate issued in respect of that Bond) for all purposes and,

except as ordered by a court of competent jurisdiction or as required by applicable law, the Issuer, the Trustee and the Agents shall not be affected by any notice to the contrary.

Trading and Listing of with the stock exchange:

The Bonds will be unlisted and remain unlisted throughout the period of the Bond and, however Issuer may consider the possibilities of listing the Bonds in Alternative Trading Board. In compliance with Rule 4(1)(d) of the Bangladesh Securities Exchange (Debt Securities) Rule 2021, the Bonds will be issued in dematerialized form. As long as it is not practicable to issue Bond in dematerialized form, the Bonds may be issued in physical form and in the manner as approved by the Trustee.

Conditions Precedent

The Investor shall only be under obligation to subscribe and pay for the Bonds if:

Closing documents: the investor receives on the Closing Date:


- a) *Closing certificate:* a closing certificate, dated the Closing Date and addressed to the investor, signed by a director or duly authorised signatory on behalf of the Issuer and substantially in the form set out in the Subscription Agreement;
- b) *Bond Documents:* The Bond Documents are executed on or before the Closing Date by or on behalf of all parties thereto, each in a form acceptable to the investor;
- c) *No material adverse change:* there has, since the date of the Subscription Agreement up to and including the Closing Date, in the judgment of the investor, been no adverse change, or any development reasonably likely to involve an adverse change, in the financial or trading position, condition (financial or otherwise), general affairs, management or prospects of the Issuer that is material in the context of the issue of the Bonds; and
- d) *Accuracy of representations:* the representations and warranties by the Issuer in the Subscription Agreement are true and correct on the dates on which they are first made and on each date on which they are deemed to be repeated and would be true and correct if they were repeated on the Closing Date with reference to the facts and circumstances then subsisting;
- e) *Authorization:* the BSEC and Bangladesh Bank have granted its consent to issue Bond as per Bangladesh Securities and Exchange Commission (Debt Securities) Rule 2021, and prevailing laws of Bangladesh.

provided, however, that the Investor may, at its discretion, waive satisfaction of any of the conditions specified in this Clause


Md. Moniruzzaman
Managing Director
IDLC Investments Limited


Nasimul Baten
Managing Director & CEO
Delta Brac Housing Finance Corp. Ltd.
Page 55

Md. Abdul Wadud
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Gulshan-2, Dhaka-1212


JASHIM UDDIN FCS
Company Secretary
Delta Brac Housing Finance Corp. Ltd.
Landmark Building
12-14 Gulshan North C/A
Gulshan-2, Dhaka-1212

TRANSFER OF THE BOND

Bonds are transferable subject to the terms and conditions set out in the Trust Deed and the Bond Documents. Each Bond irrespective of its Strip shall be transferred in accordance with the Condition V (*Title and Transfers*) of Schedule I (*Terms and Conditions of the Bonds*) of trust deed

REDEMPTION OF THE BOND

The Issuer hereby covenants with the Trustee and each of the Bondholders that it shall strictly comply with the redemption obligation as set out in Condition VII (*Redemption of Bond*) of the Schedule I (*Terms and Conditions of the Bonds*).

Each Strip of Bonds within a Lot shall be redeemed at Face Value ("Redemption Amount") on the respective Redemption Date ("Scheduled Redemption Date") calculated from the Closing Date.

If the Issuer fails to redeem any Strip of Bonds in accordance with the Condition VII (Redemption of Bond), incremental charge shall accrue on the Face Value payable for the Bond at the Default Rate at 2% calculated from the due date to the actual date of payment. For avoidance of doubt, for the purpose of this Condition VIII (Payments) due date shall mean any of the Redemption Date.

Maturity In months	Issue Price of each Lot of Bond	Face Value	No of bond Issued	Total issue	Face value of Issue
6	485,436.90	500,000.00	750.00	364,077,675.00	375,000,000.00
12	471,297.96	500,000.00	750.00	353,473,470.00	375,000,000.00
18	457,570.83	500,000.00	750.00	343,178,122.50	375,000,000.00
24	444,243.53	500,000.00	750.00	333,182,647.50	375,000,000.00
30	431,304.40	500,000.00	750.00	323,478,300.00	375,000,000.00
36	418,742.13	500,000.00	750.00	314,056,597.50	375,000,000.00
42	406,545.76	500,000.00	750.00	304,909,320.00	375,000,000.00
48	394,704.62	500,000.00	750.00	296,028,465.00	375,000,000.00
Total	3,509,846.13	4,000,000.00	6,000.00	2,632,384,597.50	3,000,000,000.00

*Rounded up


20. DETAILS OF FEES STRUCTURE AND EXPENSES

Provided in Annexure 5


Md. Moniruzzaman
Managing Director
IDLC Investments Limited


Nasimul Baten
Managing Director & CEO
Delta Brac Housing Finance Corp. Ltd.

Md. Abdul Wadud
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ANNEXURE 1: DETAILED DESCRIPTION AND INFORMATION

Md. Abdul Wadud
SVP & Head of Finance
Delta Brac Housing Finance Corporation Ltd.
Landmark Building (13th Floor)
12-14 Gulshan North C/A
Gulshan-2, Dhaka-1212


JASHIM UDDIN FCS
Company Secretary
Delta Brac Housing Finance Corp. Ltd.
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Gulshan-2, Dhaka-1212


Md. Moniruzzaman
Managing Director
IDLC Investments Limited


Nasimul Baten
Managing Director & CEO
Delta Brac Housing Finance Corp. Ltd.

Annexure 01

1. Particular of the Issuer:	
Name of the Issuer	Delta Brac Housing Finance Corporation Limited
Legal Status	Public Limited Company
Details of Contact Information	<p>Registered address: Head Office Landmark Building (9th Floor), 12-14 Gulshan North C/A, Gulshan 2, Dhaka-1212. Phone: 09612 334455, 9842374, 58816001 Email: dbh@deltabrac.com</p> <p>Contact Person: Ms. Nahid Ahmed VP & Head of Treasury Landmark Building (11th Floor) 12-14 Gulshan North C/A, Gulshan 2, Dhaka-1212 Phone: 09612334142 Mobile: + 880 1613195645 E-mail: nahid@deltabrac.com</p>
Date of Incorporation	May 11, 1996
Date of Commencement of Business	May 11, 1996
Authorized Capital	BDT 2,000,000,000
Paid up Capital	BDT 1,541,425,810
Total Equity of the Issuer	BDT 6,431,455,989
Total Liabilities	BDT 52,175,559,878
Total Financial Obligations	N/A as it is financial institution.
Net worth of the Issuer	BDT 6,431,455,989
Total Tangible Assets (Fixed assets including land, building, furniture and equipment)	BDT 289,880,948
2. Particular of Issue Manager	Not Applicable as it is Private Offer
3. Particular of the Issue :	
Name of the Issue	DBH Zero Coupon Bond
Type of debt instrument to be issued	Unsecured, Non-Convertible Zero Coupon Bond
Purpose of the Issue	To generate liquidity to meet ongoing financing requirements
Number of securities being offered	6,000 (Six Thousand)
Face value and Issue Price of Securities	<p>Face value per Bond: BDT 500,000 Total Face Value: BDT 3,000,000,000.00 Issue Price of Each lot of Bond: BDT 3,509,846.13 Total Issue Price of the Bond: BDT 2,632,384,597.50*</p>

Md. Abdul Wadud
SVP & Head of Finance
Delta Brac Housing Finance Corporation Ltd.
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Gulshan-2, Dhaka-1212

Handwritten signature

Handwritten signature
JASHIM UDDIN FCS
Company Secretary
Delta Brac Housing Finance Corp. Ltd.
Landmark Building
12-14 Gulshan North C/A
Gulshan-2, Dhaka-1212

Handwritten signature
Md. Moniruzzaman
Managing Director
IDLC Investments Limited

Handwritten signature
Nasimul Baten
Managing Director & CEO
Delta Brac Housing Finance Corp. Ltd.

	* Calculated based on the Face Value of BDT 3 Billion of the Bonds and YTM of 6.00% p.a. Issue Price of each Bond is Variable as it is ZCB and mentioned in Features of Bond																																																		
Yield to Maturity / Rate of Return /Discount Rate	Indicative 6.00% p.a. subject to necessary regulatory approvals.																																																		
Tenure	04 Years																																																		
Details of Conversion/Exchange Option	Not Applicable																																																		
Mode of Redemption	Will be structured in a way so the issue redeemed in 8 equal instalments starting from the end of the 6th month from the issue date and each 6-months thereafter																																																		
Repayment Schedule	To be redeemed in 8 equal Instalments starting from end of 6th month from the Issue Date and each 6 months thereafter as depicted below for each lot of bond:																																																		
	<table border="1"> <thead> <tr> <th>No. of Strips</th> <th>Maturity in Months</th> <th>No of Bonds Issued</th> <th>Total Issue (BDT)</th> <th>Face Value of Issue (BDT)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>6</td> <td>750.00</td> <td>364,077,675.00</td> <td>375,000,000.00</td> </tr> <tr> <td>2</td> <td>12</td> <td>750.00</td> <td>353,473,470.00</td> <td>375,000,000.00</td> </tr> <tr> <td>3</td> <td>18</td> <td>750.00</td> <td>343,178,122.50</td> <td>375,000,000.00</td> </tr> <tr> <td>4</td> <td>24</td> <td>750.00</td> <td>333,182,647.50</td> <td>375,000,000.00</td> </tr> <tr> <td>5</td> <td>30</td> <td>750.00</td> <td>323,478,300.00</td> <td>375,000,000.00</td> </tr> <tr> <td>6</td> <td>36</td> <td>750.00</td> <td>314,056,597.50</td> <td>375,000,000.00</td> </tr> <tr> <td>7</td> <td>42</td> <td>750.00</td> <td>304,909,320.00</td> <td>375,000,000.00</td> </tr> <tr> <td>8</td> <td>48</td> <td>750.00</td> <td>296,028,465.00</td> <td>375,000,000.00</td> </tr> <tr> <td></td> <td></td> <td>6,000.00</td> <td>2,632,384,597.50</td> <td>3,000,000,000.00</td> </tr> </tbody> </table>	No. of Strips	Maturity in Months	No of Bonds Issued	Total Issue (BDT)	Face Value of Issue (BDT)	1	6	750.00	364,077,675.00	375,000,000.00	2	12	750.00	353,473,470.00	375,000,000.00	3	18	750.00	343,178,122.50	375,000,000.00	4	24	750.00	333,182,647.50	375,000,000.00	5	30	750.00	323,478,300.00	375,000,000.00	6	36	750.00	314,056,597.50	375,000,000.00	7	42	750.00	304,909,320.00	375,000,000.00	8	48	750.00	296,028,465.00	375,000,000.00			6,000.00	2,632,384,597.50	3,000,000,000.00
No. of Strips	Maturity in Months	No of Bonds Issued	Total Issue (BDT)	Face Value of Issue (BDT)																																															
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		6,000.00	2,632,384,597.50	3,000,000,000.00																																															
Tax Feature	According to the laws of Bangladesh																																																		
Late Redemption	The Issuer shall pay a late payment penalty of 2% (two percent) higher than the Coupon Rate and be payable on the amount not paid on the due date up till the date of actual payment																																																		
Security	Unsecured																																																		
Mode of Placement	Private placement on a best effort basis																																																		
Listing	Unlisted																																																		
Transferability/Liquidity	Freely transferable in accordance with the provisions of the Trust Deed																																																		
Governing Law	The Bonds are governed by and shall be construed in accordance with the existing laws of Bangladesh. Any dispute arising thereof shall be subject to the jurisdiction of courts of Bangladesh.																																																		
4. Particulars of Trustee																																																			
Name of Trustee	IDLC Investments Limited																																																		
Paid Up Capital	BDT 2,200 Million																																																		
Net Worth of the Trustee	BDT 3,162,109,157 (As per audited financial statements for the year ended December 31, 2020)																																																		

Md. Abdul Wadud
SVP & Head of Finance
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Gulshan-2, Dhaka-1212




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Company Secretary
Delta Brac Housing Finance Corp. Ltd.
Landmark Building
12-14 Gulshan North C/A
Gulshan-2, Dhaka -21

Nasimul Baten
Managing Director & CEO
Delta Brac Housing Finance Corp. Ltd.


Md. Moniruzzaman
Managing Director
IDLC Investments Limited

Name of the Issues where performing as Trustee	<ul style="list-style-type: none"> I. City Bank Perpetual Bond II. City Bank 2nd Subordinated Bond III. United Commercial Bank 3rd Subordinated Bond IV. Standard Bank Limited 2nd Subordinated Debt V. Paramount Textile Limited Zero Coupon Bond VI. Tarasima Apparels Limited Zero Coupon
5. Particulars of Credit Rating Company	
Name of the Credit Rating Company	Emerging Credit Rating Limited
Credit rating status of the issuer	Long term: AAA Short Term: ST-1 Rating Action: Surveillance Outlook: Stable Validity : From July 01, 2021 to June 30,2022
Credit rating status of the issue	Long Term: "AA+B" (Valid till 15 June 2022) Outlook: Stable Emerging Credit Rating Limited
Latest default rate of the Credit Rating Company	Provided in Annexure
Average time to default of the rated Category	Provided in Annexure
Rating Trigger	Not Applicable
Date of audited accounts, which is included in the IM	December 31, 2020
6. Particulars of Originators (if Any)	Not Applicable
7. Particulars of other contractual parties	Arranger: UCB Investment Ltd Legal Counsel : A&S Associates

Md. Moniruzzaman
 Managing Director
 IDLC Investments Limited

Nasimul Baten
 Managing Director & CEO
 Delta Brac Housing Finance Corp. Ltd.

Md. Abdul Wadud
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JASHIM UDDIN FCS
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**ANNEXURE 2: AUDITED FINANCIAL STATEMENTS OF DELTA BRAC HOUSING
FINANCE CORPORATION LIMITED FOR THE YEAR ENDED ON DECEMBER
30, 2020**


Md. Moniruzzaman
Managing Director
IDLC Investments Limited


Nasimul Baten
Managing Director & CEO
Delta Brac Housing Finance Corp. Ltd.

Md. Abdul Wadud
SVP & Head of Finance
Delta Brac Housing Finance Corporation Ltd.
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JASHIM UDDIN FCS
Company Secretary
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Delta Brac Housing Finance Corporation Limited
Auditor's report and
Audited Financial Statements
For the year ended 31 December 2020



ACNABIN

Chartered Accountants

BDDL Bhaban (Level-13), 12 Kawran Bazar Commercial Area, Dhaka-1215, Bangladesh
Telephone: (+88-02) 410 20030 to 35, Facsimile: (+88-02) 410 20036

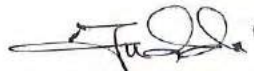
Dhaka Extension Office: T.K. Bhaban (Level-9), 13 Kawran Bazar C/A, Dhaka-1215
Tel: (+88-02) 8189428 to 29, E-mail: <acnabin@bangla.net>, Web: www.acnabin.com

Branch Office

Jahan Building No.7 (1st Fl), 59 Agrabad Commercial Area, Chattogram-4100, Bangladesh
Tel: (+88-031) 2517352, Fax: (+88-031) 2517353, E-mail: <acnabin.ctg@acnabin-bd.com>
Web: www.acnabin.com

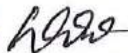

Md. Moniruzzaman
Managing Director
IDLC Investments Limited

 **bakertilly**
NETWORK MEMBER



JASHIM UDDIN FCS
Company Secretary
Delta Brac Housing Finance Corp. Ltd.
Landmark Building
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Md. Abdul Wadud
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Landmark Building (11th Floor)
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Gulshan-2, Dhaka-1212




Nasimul Baten
Managing Director & CEO
Delta Brac Housing Finance Corp. Ltd.

**Independent Auditor's Report
To the Shareholders of Delta Brac Housing Finance Corporation Limited**

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Delta Brac Housing Finance Corporation Limited (the Company), which comprise the balance sheet as at 31 December 2020, and the profit and loss account and statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note # 2 to the financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Without qualifying our opinion, we are drawing attention to the following matter:

In note # 2.19(i) to the financial statements, the Company disclosed the basis of computation for estimating the amount of Gratuity obligations.

Key Audit Matters

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

Risk	Our response to the risk
Measurement of provision for loans and advances	
The process for estimating the provision for loans and advances portfolio associated with credit risk is significant and complex.	We tested the design and operating effectiveness of key controls focusing on the following:



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Branch Office: Jahan Building No.7 (100th No. side), 59 Agrabad Commercial Area, Chattogram-4101
Tel: (+88-031) 2517352, Fax: (+88-031) 2517353, E-mail: acnabin.eg@acnabin.bd.com, Web: www.acnabin.com

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Nasimul Baten
 Managing Director & CEO
 Delta Brac Housing Finance Corp. Ltd.

Md. Moniruzzaman
 Managing Director
 Delta Brac Investments Limited



<p>For the individual (party-wise) analysis, these provisions consider the estimates of future business performance and the market value of the collateral provided for credit transactions.</p> <p>At year end the Company reported total gross loans and advances of BDT 42,750,381,474 (2019: BDT 44,521,893,390) and provision for loans and advances of BDT 949,565,925 (2019: BDT 822,857,899).</p> <p>We have focused on the following significant judgments and estimates which could give rise to a material misstatement or management bias:</p> <ul style="list-style-type: none"> • Completeness and timing of recognition of loss events in accordance with criteria set out in FID circular no 08, dated 03 August 2002, FID circular no. 03, dated 03 May 2006 and FID circular no.03 dated 29 April 2013; • For assessed provisions, the measurement of the provision may be dependent on the valuation of collateral, estimates of exit values and the timing of cash flows; • Provision measurement is primarily dependent upon key assumptions relating to the probability of default, the ability to repossess collateral, and recovery rates. 	<ul style="list-style-type: none"> • Tested the credit appraisal, loan disbursement procedures, monitoring and provisioning process • Reviewed the process of Identification of loss events, including early warning and default warning indicators; • Reviewed quarterly Classification of Loans (CL); <p>Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:</p> <ul style="list-style-type: none"> • Reviewed the adequacy of the companies general and specific provisions; • Assessed the methodologies on which the provision amounts were based, recalculated the provisions and tested the completeness and accuracy of the underlying information; • Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.
<p>See note # 7 and 12 to the financial statements.</p>	
<p>Implementation of IFRS 16 Leases</p>	
<p>With reference to note # 2.07 and note # 2.09 to the financial statements, IFRS 16 Leases becomes effective for annual reporting beginning on or after 01 January 2019, which replaces the existing standard IAS 17 Leases. However, the Company did not adopt IFRS-16 during 2019.</p> <p>The Company decided to adopt the modified retrospective approach for transition accounting. The new lease standard application resulted in the recognition, for the 31 December 2020, of right of use assets of BDT 57,118,206 and lease liabilities of BDT 52,009,007.</p>	<p>We obtained an understanding of the management's process for implementing IFRS 16, including financial controls designed by the management to mitigate the risks assessed by us independently. We tested those relevant controls and adopted a control rely strategy. Furthermore, to mitigate the inherent risk in this audit area, our audit approach included testing of the controls and substantive audit procedures, including:</p> <ul style="list-style-type: none"> • Obtained and read the accounting policy for compliance with IFRS 16; • Obtained listing of all contracts from the management and tested the contracts on a



	<p>sample basis for impact under IFRS 16. In respect of the contracts selected for testing;</p> <ul style="list-style-type: none"> • Obtained and assessed the borrowing rates; • Tested the assumptions used in the calculation model for the sample contracts selected for testing; • Performed test of details on a sample basis of the right of use asset and lease liability; and • Assessed the disclosures in the financial statements.
<p>See Annex-A and note # 12.4 to the financial statements.</p>	
<p>Legal and regulatory matters</p>	
<p>We focused on this area because the Company operates in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict.</p> <p>These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions which have been established and other contingent liabilities.</p> <p>Overall, the legal provision represents the Company's best estimate for existing legal matters that have a probable and estimable impact on the financial position.</p>	<p>We obtained an understanding, evaluated the design, and tested the operational effectiveness of the key controls over the legal provision and contingencies process.</p> <p>We enquired to those charged with governance to obtain their view on the status of all significant litigations and regulatory matters.</p> <p>We also assessed the Company's contingent liabilities disclosure.</p>
<p>See note # 17.1 and note # 17.2 to the financial statements.</p>	
<p>Accuracy and completeness of revenue recognized</p>	
<p>The Company reports revenue of BDT 610.84 crore from Interest on loans, short-term investment, term deposit receipts, Commission, exchange and brokerage income, investment income and related activities.</p> <p>The application of revenue recognition accounting standards is complex and involves a number of key judgments and estimates, including those applied on revenue arrangements with multiple elements and those contracts where there is the existence of principal and agent relationship.</p>	<p>Our audit approach included a combination of controls testing, data analysis, and substantive procedures covering the following:</p> <ul style="list-style-type: none"> • We understood the significant revenue processes, including the performance of an end to end walkthrough of the revenue assurance process and identifying the relevant controls (including IT systems, interfaces, and reports); • We tested the design and operating effectiveness of the relevant controls; • We reviewed significant new contracts and regulatory determinations, the accounting



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Jashim Uddin
JASHIM UDDIN FCS
Company Secretary
Delta Brac Housing Finance Corp. Ltd.
Landmark Building
12-14 Gulshan North C/A
Gulshan-2, Dhaka-1212

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<p>Due to the estimates and judgment involved in applying the revenue recognition accounting standards and the degree of complexity of IT systems and processes used, we have considered this matter as a key audit matter.</p>	<p>treatments opted and testing the related revenues recognized during the period;</p> <ul style="list-style-type: none"> • We performed data analysis and analytical reviews of significant revenue streams; • We performed specific procedures to test the accuracy and completeness of adjustments relating to multiple-element arrangements and grossing up certain revenue and costs; and • We performed procedures to ensure that the revenue recognition criteria adopted by the entity for all major revenue streams is appropriate and in line with the accounting policies.
<p>See note # 18, 20, 21 and 22 to the financial statements</p>	
<p>Investment and provision for diminutions in the value of investments</p>	
<p>The Company reports investments of BDT 48.90 crore, which is comprised of Government securities BDT 0.10 crore, marketable securities of BDT 39.05 crore, non-marketable securities of BDT 5.45 crore, and preference shares BDT 4.30 crore; represents 0.83 % of total assets.</p> <p>The process for estimating the provision against the investments associated with credit risk is significant and complex.</p> <p>We focused on this area because of the significance of the investments in the financial statements and departure from the recognition and presentation criteria of IFRS 9, IFRS 7 & IAS 32 to comply with the circulars of Bangladesh Bank for determining the valuation methodology and presentation to be applied by the management of the Company.</p>	<p>Our audit approach included a combination of controls testing, data analysis, and substantive procedures covering the following:</p> <ul style="list-style-type: none"> • We obtained sufficient audit evidence to conclude that the inputs and methodologies used for the valuation of the investments are within a reasonable range and that the management of the Company consistently applied valuation policies. • We assessed the controls' design and operating effectiveness, measurement, and oversight of financial assets' valuation risk. • We verified the existence and legal ownership of equity investments and mutual funds by confirming investment holdings with the portfolio statements of brokerage houses and CDBL. • We tested the calculations of provision for diminution in value of the investment and checked if the presentation and disclosure of investment are in compliance with FID circular no. 8 dated 3 August 2002 and DFIM circular no. 2 dated 31 January 2012 issued by Bangladesh Bank.
<p>See note # 06 and 12.1.4 to the financial statements</p>	
<p>Measurement of deferred tax assets/ liabilities</p>	
<p>The Company reports deferred tax liabilities amounting to BDT 60.58 Lac which was shown in the financial statements as at 31 December 2020.</p>	<p>We have conducted a risk assessment to obtain an understanding of the relevant tax laws and regulations considering the following:</p>

Md. Moniruzzaman
Managing Director
IDLC Investments Limited



Md. Abdul Wadud
SVP & Head of Finance
Delta Brac Housing Finance Corporation Ltd.
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Nasimul Baten

Nasimul Baten
Managing Director & CEO
Delta Brac Housing Finance Corp. Ltd.



<p>The significant risk arises from the estimation of future usability of the benefits/ liabilities. Such estimation is required deferred tax assets/ liabilities as their recoverability/ adjustments depend on forecasts of profitability available in the near future.</p>	<ul style="list-style-type: none"> • Evaluated the policies used for recognition and measurement of deferred tax liabilities and assets in accordance with IAS 12. • Tested the design, implementation and operating effectiveness of internal controls with respect to recognition of deferred tax liabilities and assets, • Checked the computation of deferred tax assets/ liabilities by applying appropriate provisions of tax law to scheduled reversals, particularly the potential tax rates applicable at the time of expected reversals, • Checked the compliance with the tax laws.
<p>See note # 12.5 to the financial statements</p>	
<p>IT systems and controls</p>	
<p>Our audit procedures have a focus on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and IT dependent manual controls.</p> <p>Our areas of audit focus included user access management, developer access to the production environment and changes to the IT environment. These are key to ensuring IT dependent and application based controls are operating effectively.</p>	<p>We tested the design and operating effectiveness of the Company's IT access controls over the information systems that are critical to financial reporting. We tested IT general controls (logical access, change-management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized. We tested the Company's periodic review of access rights. We inspected requests of changes to systems for appropriate approval and authorization. We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit.</p> <p>Where deficiencies were identified, we tested compensating controls or performed alternate procedures. In addition, we understood where relevant, changes were made to the IT landscape during the audit period and tested those changes that had a significant impact on financial reporting.</p>

Other Matter

The financial statements of the Company for the year ended 31 December 2019 were audited by Aziz Halim Khair Choudhury, Chartered Accountants, who expressed an unmodified opinion on those statements on 19 February 2020.

Md. Moniruzzaman
Managing Director
IDLC Investments Limited



Jashim Uddin
JASHIM UDDIN FCS
 Company Secretary
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Nasimul Baten
Nasimul Baten
 Managing Director & CEO
 Delta Brac Housing Finance Corp. Ltd.



Md. Abdul Wadud
 SVP & Head of Finance
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Other Information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the financial statements and our auditor's report thereon. The Draft Annual Report is expected to be made available to us after the date of this auditor's report but before the finalization of the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we will communicate the matter to those charged with governance of the Company so that the matter is duly addressed in the Annual Report.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs as explained on note # 2 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements



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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



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6 

JASHIM UDDIN FCS
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Md. Moniruzzaman
Managing Director
IDLC Investments Limited


Nasimul Baten
Managing Director & CEO
Delta Brac Housing Finance Corp. Ltd.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Company' financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, the Financial Institutions Act, 1993 and the rules and regulations issued by Bangladesh Bank, we also report the following:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of these books;
- c) the balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of accounts and returns;
- d) the expenditure incurred was for the purposes of the Company's business for the year;
- e) the financial statements of the Company have been drawn up in conformity with Financial Institutions Act, 1993 and in accordance with International Financial Reporting Standards



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IDLC Investments Limited

Nasimul Baten
Managing Director & CEO
Delta Brac Housing Finance Corp. Ltd.



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SVP & Head of Finance
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- as explained in notes as well as with related guidance, circulars issued by Bangladesh Bank to the extent applicable to the Company;
- adequate provisions have been made for loans, leases, advances and other assets which are, in our opinion, doubtful of recovery and Bangladesh Bank's instructions in this regard have been followed properly;
 - the financial statements of the Company conform to the prescribed standards set in the accounting regulations which were issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
 - the records and statements which were submitted by the branches have been properly maintained and recorded in the financial statements;
 - statements sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our attention;
 - taxes and other duties were collected and deposited in the Government treasury by the Company as per Government instructions found satisfactory based on test checking;
 - nothing has come to our attention that the Company has adopted any unethical means i.e. 'window dressing' to inflate the profit and mismatch between the maturity of assets and liabilities;
 - proper measures have been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank and the instructions which were issued by Bangladesh Bank and other regulatory authorities have been complied properly as disclosed to us by management;
 - based on our work as mentioned above under the auditor's responsibility section, the internal control and the compliance of the Company is satisfactory, and effective measures have been taken to prevent possible material fraud, forgery and internal policies are being followed appropriately;
 - the Company has complied with relevant laws pertaining to capital, reserve and net worth, cash and liquid assets and procedure for sanctioning and disbursing loans/leases found satisfactory;
 - We have reviewed over 80% of the risk weighted assets of the Company, and we have spent around 1,500 person hours for the audit of the books and accounts of the Company;
 - the Company has complied with relevant instructions which were issued by Bangladesh Bank relevant to classification, provisioning and calculation of interest suspense;
 - the Company has complied with the "First Schedule" of the Financial Institutions Act, 1993 in preparing these financial statements; and
 - all other issues which in our opinion are important for the stakeholders of the Company have been adequately disclosed in the audit report.

Dated, Dhaka

22 MAR 2021

ACNABIN, Chartered Accountants

Muhammad Aminul Hoque, FCA

Partner

ICAB Enrollment Number# 1129

DVC : 2103231129AS269426

Md. Moniruzzaman
Managing Director
IDLC Investments Limited



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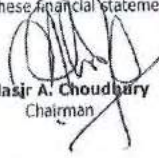
Nasimul Baten
Managing Director & CEO
Delta Brac Housing Finance Corp. Ltd.

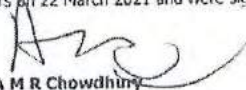
Delta Brac Housing Finance Corporation Limited
Balance Sheet
As at 31 December 2020

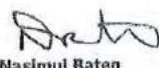
Notes	Amount in Taka		
	31 December 2020	31 December 2019	01 January 2019
	Restated		
PROPERTY AND ASSETS			
Cash	575,240,921	873,001,710	798,514,488
In hand	132,671	105,037	106,217
Balance with Bangladesh Bank and its agent Bank	575,108,250	872,896,673	798,408,271
Balance with other banks and financial institutions	14,338,776,038	13,028,725,061	11,779,169,860
In Bangladesh	14,338,776,038	13,028,725,061	11,779,169,860
Outside Bangladesh	-	-	-
Money at call on short notice	-	-	-
Investments	489,024,228	462,108,462	607,821,066
Government	1,040,323	1,078,570	1,114,848
Others	487,983,905	461,029,892	606,706,218
Loans and advances	42,750,381,474	44,521,893,390	43,847,701,062
Loans and advances	42,750,381,474	44,521,893,390	43,847,701,062
Fixed assets including land, building, furniture and equipments	289,880,948	279,704,267	169,515,890
Other assets	163,712,258	114,496,609	296,259,328
Total Assets	58,607,015,867	59,279,929,499	57,498,981,694
LIABILITIES AND CAPITAL			
Liabilities			
Borrowing from other banks and financial institutions	5,571,061,010	7,051,344,655	6,085,478,083
Deposits and other accounts	43,826,874,936	43,411,284,633	43,318,721,105
Fixed deposits	43,826,874,936	43,411,284,633	43,318,721,105
Other deposits	-	-	-
Other liabilities	2,777,623,932	3,008,695,578	3,054,803,259
Total Liabilities	52,175,559,878	53,471,324,866	52,459,002,447
Shareholders' equity			
Paid-up capital	1,541,425,810	1,340,370,270	1,218,518,430
Share premium	55,000,000	55,000,000	55,000,000
Statutory reserve	1,486,425,811	1,340,370,271	1,307,430,064
Other reserves	2,825,040,000	2,575,040,000	2,025,040,000
Retained earnings	523,564,368	497,824,092	433,990,753
Total equity	6,431,455,989	5,808,604,633	5,039,979,247
Total liabilities and Shareholders' equity	58,607,015,867	59,279,929,499	57,498,981,694
OFF-BALANCE SHEET ITEMS			
Contingent liabilities			
Acceptances and endorsement	-	-	-
Letter of guarantee	-	-	-
Irrevocable letter of credits	-	-	-
Bills for collection	-	-	-
Other contingent liabilities	54,040,388	61,612,242	35,969,622
Total contingent liabilities	54,040,388	61,612,242	35,969,622
Other commitments			
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	578,220,000	410,580,000	506,775,000
Total other commitments	578,220,000	410,580,000	506,775,000
Total Off-Balance Sheet items including contingent liabilities	632,260,388	472,192,242	542,744,622

Notes:

- Independent Auditor's Report-Page 1 to 8
- The annexed notes 1 to 42 form an integral part of these financial statements.
- These financial statements were approved by the Board of Directors on 22 March 2021 and were signed on its behalf by:


Nasir A. Choudhury
Chairman


Dr. A M R Chowdhury
Vice Chairman

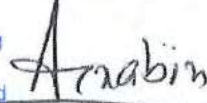

Nasimul Baten
Managing Director & CEO

Dated, Dhaka

22 MAR 2021

ACNABIN, Chartered Accountants



Md. Mohiruzzaman
Managing Director
IDLC Investments Limited


Muhammad Aminul Roque, FCA
Partner
ICAB Enrollment # 1129

DVC: 2103231129AS269426



Md. Abdul Wadud
SVP & Head of Finance
Delta Brac Housing Finance Corporation Ltd.
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JASHIM UDDIN FCS
Company Secretary
Delta Brac Housing Finance Corp. Ltd.
Landmark Building
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Gulshan-2, Dhaka-1212



Nasimul Baten
Managing Director & CEO
Delta Brac Housing Finance Corp. Ltd.

Delta Brac Housing Finance Corporation Limited
Profit and Loss Account
For the year ended 31 December 2020

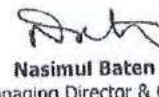
	Notes	Amount in Taka	
		2020	2019
			Restated
Interest Income	18	5,908,789,297	6,352,769,970
Interest paid on deposits and borrowings etc.	19	(3,960,184,480)	(4,644,846,591)
Net Interest Income		1,948,604,817	1,707,923,379
Income from investment	20	24,150,831	26,835,187
Commission, exchange and brokerage	21	155,864,097	199,772,398
Other operating income	22	19,674,791	6,795,002
Total operating income		2,148,294,536	1,941,325,966
Salary and allowances	23	354,075,491	337,505,438
Rent, taxes, insurance, electricity etc.	24	32,007,229	34,585,575
Legal & professional expenses	25	12,567,554	8,347,617
Postage, stamp, telecommunication etc.	26	6,882,924	7,632,955
Stationery, printing, advertisements etc.	27	7,416,751	15,129,389
Managing Director's salary and fees	27.1	7,050,000	15,100,000
Directors' fees and expenses	28	956,897	658,837
Auditor's fees	29	517,500	483,000
Depreciation, repairs & maintenance	30	60,950,452	62,380,239
Other expenses	31	41,001,532	41,841,934
Total operating expenses		523,426,330	523,664,984
Profit before provisions		1,624,868,206	1,417,660,982
Provisions:			
Loans and advances	12.1.A	151,605,837	(181,159,783)
Diminution in value of investments	12.1.3	(24,897,811)	43,950,370
Total provisions		126,708,026	(137,209,413)
Profit before tax		1,498,160,180	1,554,870,395
Provision for tax:	32		
Current tax		604,672,845	477,069,747
Deferred tax expense		2,561,925	4,545,655
		607,234,770	481,615,402
Profit after tax		890,925,410	1,073,254,993
Appropriations			
Statutory reserve		146,055,540	32,940,207
General reserve		250,000,000	350,000,000
		396,055,540	382,940,207
Retained surplus		494,869,870	690,314,786
Earnings Per Share (Restated)	34	5.78	6.96

Notes:

1. Independent Auditor's Report-Page 1 to 8
2. The annexed notes 1 to 42 form an integral part of these financial statements.
3. These financial statements were approved by the Board of Directors on 22 March 2021 and were signed on its behalf by:

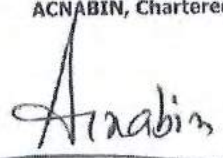

Nashir A. Choudhury
Chairman


Dr. A M R Chowdhury
Vice Chairman


Nasimul Baten
Managing Director & CEO

Dated, Dhaka
22 MAR 2021



Md. Moniruzzaman
Managing Director
IDLC Investments Limited

ACNABIN, Chartered Accountants

Muhammad Aminul Hoque, FCA
Partner
ICAB Enrollment# 1129

DVC: 2103231129AS269426



Md. Abdul Wadud
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JASHIM UDDIN FCS
Company Secretary
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Nasimul Baten
Managing Director & CEO
Delta Brac Housing Finance Corp. Ltd.

Delta Brac Housing Finance Corporation Limited
Cash Flow Statement
For the year ended 31 December 2020

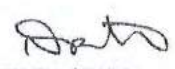
Notes	Amount in Taka	
	2020	2019
Cash flows from operating activities		Restated
Interest received	5,879,538,005	6,474,351,683
Interest payments	(4,471,792,244)	(4,461,828,453)
Dividend received	8,282,628	31,004,890
Fees and commission received	155,864,097	199,772,398
Paid to employees and suppliers	(484,347,615)	(498,651,984)
Income tax paid	(491,037,085)	(566,173,357)
Received from other operating activities	23,912,083	3,804,256
Cash generated from operating activities before changes in operating assets and liabilities	620,419,869	1,182,279,433
Increase/(decrease) in operating assets and liabilities		
Loans and advances to customers	1,771,166,576	(680,739,652)
Investment in marketable securities and lock in share	(28,954,013)	676,326
Other assets	1,552,292	60,110,985
Loans and deposits from banks and other customers	(914,794,871)	1,402,661,487
Other liabilities	(2,658,028)	(34,933,202)
	826,311,956	747,775,944
Net cash flows from/(used in) operating activities	37	1,930,055,377
Cash flows from investing activities		
Net proceeds/(Payments) for sale/purchase of Treasury Bills	38,247	36,278
Other investments	2,000,000	145,000,000
Purchase of property, plant & equipment, ROU asset	(19,660,043)	(102,690,620)
Proceeds from sell of property, plant & equipment	1,152,901	500,235
Net cash flows from/(used in) investing activities		42,845,893
Cash flows from financing activities		
Cash dividend paid	(268,074,055)	(304,629,607)
Net cash flows from/(used in) financing activities		(304,629,607)
Net increase/(decrease) in cash and cash equivalents		1,668,271,663
Effects of exchange rate changes on cash and cash equivalents		2,148
Cash and cash equivalents (net off overdraft) at the beginning of the period		11,801,358,493
Cash and cash equivalents (net off overdraft) at the end of the period	37A	13,469,632,304

Notes:

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


Nasir A. Chowdhury
Chairman

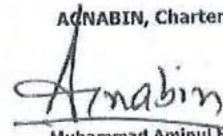

Dr. A M R Chowdhury
Vice Chairman


Nasimul Baten
Managing Director & CEO

Dated, Dhaka

22 MAR 2021


Md Moniruzzaman
Managing Director
IDLC Investments Limited

ACNABIN, Chartered Accountants

Muhammad Aminul Haque, FCA
Partner
ICAB Enrollment# 1129

DVC: 2103231129AS269426


bakertilly
NETWORK MEMBER

Md. Abdul Wadud
SVP & Head of Finance
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JASHIM UDDIN FCS
Company Secretary
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Nasimul Baten
Managing Director & CEO
Delta Brac Housing Finance Corp. Ltd.

Delta Brac Housing Finance Corporation Limited
Statement of Changes in Equity
For the year ended 31 December 2020

Particulars	Amount in Taka					
	Paid-up Capital	Share Premium	Statutory Reserve	General & Other Reserves	Retained earnings	Total
Balance as on 1 January 2020	1,340,370,270	55,000,000	1,340,370,271	2,575,040,000	497,824,092	5,808,604,633
Net profit (after tax) for the period	-	-	-	-	890,925,410	890,925,410
Transferred to reserve funds	-	-	146,055,540	250,000,000	(396,055,540)	-
Stock dividend issued	201,055,540	-	-	-	(201,055,540)	-
Cash dividend paid	-	-	-	-	(268,074,054)	(268,074,054)
Balance at 31 December 2020	1,541,425,810	55,000,000	1,486,425,811	2,825,040,000	523,564,368	6,431,455,989

Statement of Changes in Equity
For the year ended 31 December 2019 (restated)

Particulars	Amount in Taka					
	Paid-up Capital	Share Premium	Statutory Reserve	General & Other Reserves	Retained earnings	Total
Balance as on 1 January 2019	1,218,518,430	55,000,000	1,307,430,064	2,025,040,000	433,990,753	5,039,979,247
Net profit (after tax) for the period-Restated	-	-	-	-	1,073,254,993	1,073,254,993
Transferred to reserve funds	-	-	32,940,207	550,000,000	(582,940,207)	-
Stock dividend issued	121,851,840	-	-	-	(121,851,840)	-
Cash dividend paid	-	-	-	-	(304,629,607)	(304,629,607)
Balance at 31 December 2019-restated	1,340,370,270	55,000,000	1,340,370,271	2,575,040,000	497,824,092	5,808,604,633






Delta Brac Housing Finance Corporation Limited
Liquidity Statement
 As at 31 December 2020

Particulars	Amount in Taka					
	Up to 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Above 5 Years	Total
Assets						
Cash (in hand and balance with Bangladesh Bank and its agent bank)	575,240,921	-	-	-	-	575,240,921
Balance with other banks and financial institutions	7,073,042,355	4,210,485,559	3,055,248,125	-	-	14,338,776,039
Money at call on short notice	-	-	-	-	-	-
Investments	420,984,405	1,241,481,001	45,540,323	-	22,499,500	489,024,228
Loans and advances	738,883,783	1,241,481,001	5,036,624,883	19,033,095,406	16,700,296,401	42,750,381,474
Fixed assets including land, building, furniture, equipments & ROU asset	2,970,514	7,733,741	24,941,912	92,140,091	162,094,689	289,880,947
Other assets	90,633,780	24,123,823	45,284,654	3,670,000	-	163,712,257
Total Assets	8,901,755,758	5,483,824,124	8,207,639,897	19,128,905,497	16,884,890,590	58,607,015,867
Liabilities						
Borrowing from other banks and financial institutions	2,302,710,556	337,288,472	1,460,830,205	836,116,318	634,115,459	5,571,061,010
Deposits and other accounts	2,243,781,911	3,329,785,595	8,317,901,053	108,336,504	29,827,069,873	43,826,874,936
Other liabilities	373,613,246	512,517,460	1,094,430,726	335,769,266	461,293,234	2,777,623,932
Total liabilities	4,920,105,713	4,179,591,527	10,873,161,984	1,280,222,088	30,922,478,566	52,175,559,878
Net liquidity gap	3,981,650,045	1,304,232,597	(2,665,522,087)	17,848,683,410	(14,037,587,976)	6,431,455,989



Delta Brac Housing Finance Corporation Limited
Notes to the Financial Statements
as at and for the year ended 31 December 2020

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 registered address of the company is situated at Landmark Building, (9th floor), 12-14 Gulshan C/A, Gulshan-2, Dhaka. The Company went for public issue in 2007-08 and the shares of the Company are listed in Dhaka and Chittagong Stock Exchanges in Bangladesh.

(b) Nature of business

i) The principal activities of the Company are providing loans for construction of houses, purchases of flats or houses, extensions and improvements of existing houses or flats and purchase of housing plots.

ii) The Company has also various investment and financing products like term deposit scheme, cumulative deposit, triple money deposit, double money deposit, annual income deposit, quarterly income deposit, monthly income deposit, easy way deposit etc. for its individual and corporate clients.

2 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 do not take into consideration the effect of inflation. The preparation and presentation of the financial statements and the disclosure of information have been made in accordance with the DFIM circular no. 11 dated 23rd December 2009 in conformity with International Financial Reporting Standards (IFRSs), 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 IFRSs, 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 2020 to 31 December 2020.

2.04 Functional and presentation currency

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

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

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

i) Complete set of financial statements

IAS 1 "Presentation of Financial Statements"

As per IAS 1: "Presentation of Financial Statements" complete set of financial statements are:

- i) statement of financial position,
- ii) statement of profit or loss and other comprehensive income,




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Managing Director & CEO
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- iii) statement of changes in equity,
- iv) statement of cash flows,
- v) notes, comprising significant accounting policies and other explanatory information and
- vi) comparative information in respect of the preceding period
- vii) statement of financial position at the beginning of preceding period for retrospective restatement

Treatment adopted as per Bangladesh Bank

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

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

There is no financial impact for this departure in the financial statements.

ii) Current/ Non-current distinction

IAS-1 "Presentation of Financial Statement"

As per Para 60 of IAS-1 "Presentation of Financial statement" an entity shall present current and non-current assets and current and non-current liabilities as separate classification in its statement of financial position.

Treatment adopted as per Bangladesh Bank

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

There is no financial impact for this departure. However, the liquidity statement shows the current/ non-current portion of assets and liabilities in this regard.

iii) Off-balance sheet items

IAS 1 "Presentation of Financial Statements"

There is no concept of off-balance sheet items in IAS-1 ; hence there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.

Treatment adopted as per Bangladesh Bank

As per DFIM Circular No. 11, dated 23 December 2009, off-balance sheet items (e.g. letter of credit, letter of guarantee etc.) must be disclosed separately on the face of the balance sheet.
There is no financial impact for this departure in the financial statements.

iv) Intangible asset

IAS 1 "Presentation of Financial Statements"

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

Treatment adopted as per Bangladesh Bank

As per DFIM Circular No. 11, dated 23 December 2009, there is no option for separate line item for intangible asset in the balance sheet. We present intangible asset in the balance sheet as part of fixed assets and provide details in note-8 and annexure-A as separate line item.
There is no financial impact for this departure.

v) Other comprehensive income

IAS 1 "Presentation of Financial Statements"

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

Treatment adopted as per Bangladesh Bank

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



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Jashim Uddin

JASHIM UDDIN FCS
Company Secretary
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Handwritten signature

Md. Moniruzzaman
Md. Moniruzzaman
Managing Director
IDLC Investments Limited

Nasimul Baten

Nasimul Baten
Managing Director & CEO
Delta Brac Housing Finance Corp. Ltd.



There is no financial impact for this departure during the year.

vi) Disclosure of presentation of profit

IAS/IFRS

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

Treatment adopted as per Bangladesh Bank

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

This is a presentation issue and there is no financial impact.

vii) Preparation of "Statement of Cash Flows"

IAS 7 "Statement of Cash Flows"

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

Treatment adopted as per Bangladesh Bank

Cash flow statement has been prepared in compliance with DFIM Circular No. 11, dated 23 December 2009 which is the mixture of direct and indirect method.

Presentation of statement of cash flows is not fully aligned with the requirement of IAS and there is no financial impact.

viii) Presentation of cash and cash equivalents

IAS 7 "Statement of Cash Flows"

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

Treatment adopted as per Bangladesh Bank

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

Presentation of financial statements is not fully aligned with the requirement of IAS.

ix) Measurement of deferred tax asset

IAS 12 "Income Tax"

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

Treatment adopted as per Bangladesh Bank

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

During the year net provision charged for loans and advances was Taka 126.708 million (note#12.1) and deferred tax asset of Taka 47.52 million was not recognized on this temporary difference.

x) Presentation and disclosure of Financial Statements and Financial Instruments

IFRS 7 "Financial Instruments: Disclosure"

IFRS 9 "Financial Instruments"

IFRS 7 and IFRS 9 require specific presentation and disclosure relating to all financial instruments.

Treatment adopted as per Bangladesh Bank

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



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As per Bangladesh Bank guidelines, financial instruments are categorized, recognized and measured differently from those prescribed in IFRS 9. As such some disclosure and presentation requirements have not been made in the accounts. Presentation of financial statements is not fully aligned with all the requirements of IAS.

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

IFRS 9 "Financial Instruments"

As per IFRS 9 an entity shall recognize an impairment allowance on loans and advances based on expected credit loss. At each reporting date an entity shall assess whether there is any objective evidence that a financial asset or group of financial assets measured at amortized cost is impaired. If any such evidence exists, expected credit loss are required to be measured through a loss allowance at an amount equal to (i) the 12 month Expected Credit Losses, ECL-Stage 1, (expected credit loss that result from those default events on the financial instrument that are possible within 12 months after the reporting period); or (ii) full lifetime expected credit losses, ECL-Stage-2, (expected credit losses that result from all possible default events over the life of the financial instrument).

Treatment adopted as per Bangladesh Bank

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

In the Financial statements, provision has been kept for the year 2020 equivalent to Taka 151.60 million as per Bangladesh Bank Guideline. Provision amounting to Taka 18.12 million is being reversed in the case of General provision. On the other hand Taka 169.72 million is being charged during the year for specific provision.

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

IFRS 9 "Financial Instruments"

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

Treatment adopted as per Bangladesh Bank

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

During the year interest suspense has increased to Taka 57.66 million from taka 45.58 million resulting in an increase of Taka 12.08 million.

xiii) Valuation of Investments in quoted and unquoted shares

IFRS 9 "Financial Instruments"

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

Treatment adopted as per Bangladesh Bank

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



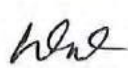

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2.06 Use of estimates and judgments

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

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

Impairment losses on loans and advances

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

2.07 Changes in Significant Accounting policies
2.7.1 Leases

The Company has applied IFRS 16 (as issued by the IASB in January 2016 that was effective for annual periods that begin on or after 1 January 2019) during the year with retrospective effect from 2019 (note-2.08). IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The company has contracts for renting premises which were classified as operating lease earlier under IAS 17. Under IFRS 16, DBH recognizes Right-of-use assets and lease liabilities for all leases as a lessee and does not required to make any adjustments on transitions for which it acts as a lessor.

2.7.2 Impact on transition to IFRS 16

Right of use assets was recognized and presented in the fixed assets schedule as separate line item. This includes the lease liabilities and advance office rent. Lease liabilities derived from present value of all rental payments for various branches along with head office. The impact on transition with retrospective effect as at 1 January 2019 is summarized below:

Impact on opening balance as of 1 January	Amount in BDT		
	As at 1 January 2020	As at 1 January 2019 (restated)	As at 1 January 2019
Right-of-use assets (WDV)	37,203,290	57,438,081	-
Deferred tax liabilities	2,652,396	-	-
Lease liabilities	30,130,234	47,661,471	-
Retained earnings	(3,734,725)	-	-


When measuring lease liabilities DBH discounted lease payments using its incremental borrowing rate at 9.6% as at 1 January 2019 and at 9.8% as at 1 January 2020.


Impact on profit or loss account	Amount in BDT	
	2020	2019 (restated)
Increase in depreciation on right-of-use asset	20,457,615	20,234,791
Increase in finance cost	5,999,771	2,803,498
Decrease in rent expenses	24,906,738	21,955,960
Increase/(decrease) in deferred tax expenses	(736,447)	2,652,396
Increase/(decrease) in profit for the year	(814,201)	(3,734,725)
Impact on EPS	(0.01)	(0.02)



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Impact on assets & liabilities as at 31 December

	2020	2019 (restated)
Assets		
Right-of-use assets (WDV)	57,118,206	37,203,290
Liabilities		
Deferred tax liabilities	1,915,950	2,652,396
Lease liabilities	52,009,007	30,130,234
Retained earnings	(814,201)	(3,734,725)

2.08 Correction of errors

DBH did not apply "IFRS 16: Leases" in preparation of financial statements for the year 2019. IFRS 16 was effective for annual periods that begin on or after 1 January 2019. DBH has contracts for renting premises which were classified as operating lease under IAS 17 Leases. The company applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application (if any) is recognized in retained earnings at 1 January 2019. Accordingly, the comparative information for earlier period (2018) need not to be restated. Since the company did not implement IFRS 16 for the year 2019, it has now restated each affected financial line item in the comparatives for the year 2019 given in the 2020 financial statements.

The following tables summarizes the impacts of DBH's financial statements

Balance sheet

As at December 2019

	Impact of correction of error		
	As previously reported	Adjustments	As restated
Property and assets			
Cash	873,001,710	-	873,001,710
Balance with other banks and financial institutions	13,028,725,061	-	13,028,725,061
Investments	462,108,462	-	462,108,462
Loans and advances	44,521,893,390	-	44,521,893,390
Fixed assets including land, building, furniture and equipment	242,500,977	37,203,290	279,704,267
Other assets	122,651,994	(8,155,385)	114,496,609
Total Assets	59,250,881,594	29,047,905	59,279,929,499
Borrowing from other banks and financial institutions	7,051,344,655	-	7,051,344,655
Deposits and other accounts	43,411,284,633	-	43,411,284,633
Other liabilities	2,975,912,948	32,782,630	3,008,695,578
	53,438,542,236	32,782,630	53,471,324,866
Retained earnings	501,558,817	(3,734,725)	497,824,092
Others	5,310,780,541	-	5,310,780,541
Total equity	5,812,339,358	(3,734,725)	5,808,604,633
Total liabilities and equity	59,250,881,594	29,047,905	59,279,929,499

Profit and Loss Account

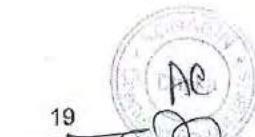
For the year ended 31 December 2019

	Impact of correction of error		
	As previously reported	Adjustments	As restated
Interest Income	6,352,769,970	-	6,352,769,970
Interest paid on deposits and borrowings etc.	(4,642,043,093)	(2,803,498)	(4,644,846,591)
Net Interest Income	1,710,726,877	(2,803,498)	1,707,923,379
Other income	233,402,587	-	233,402,587
Total operating income	1,944,129,464	(2,803,498)	1,941,325,966
Rent, taxes, insurance, electricity etc.	56,541,535	(21,955,960)	34,585,575
Depreciation, repairs & maintenance	42,145,448	20,234,791	62,380,239
Other operating expenses	426,699,169	-	426,699,169
Total operating expenses	525,386,152	(1,721,169)	523,664,983
Profit before provisions	1,418,743,312	(1,082,329)	1,417,660,983
Total provisions	(137,209,413)	-	(137,209,413)
Profit before tax	1,555,952,725	(1,082,329)	1,554,870,396
Provision for tax			
Current	477,069,747	-	477,069,747
Deferred	1,893,259	2,652,395	4,545,654
Profit after tax	1,076,989,719	(3,734,724)	1,073,254,995
Earnings per share (restated)	6.9870	(0.02423)	6.9627



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2.09 Accounting policy for IFRS 16: Leases

DBH applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated for 2018. The detail impact for changing policy has been disclosed in note 2.07 and for restatement in note 2.08.

Policy applicable from 1 January 2019

At inception of a contract, DBH assess whether a contract is or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess the right to control the use of an identified asset, DBH assess whether:

- i) The contract involves the use of an identified asset;
- ii) DBH has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use;
- iii) DBH has the right to direct the use of the asset. When DBH has the decision making rights that are most relevant to changing how and for what purpose the asset is used.

The policy is applied to all the lease agreements having lease term for 12 months or more as on 1st January 2019 and the contracts entered into, or changed on or after that date.

As lessee

As lessee DBH recognizes the Right-of-use Asset and lease liability at the inception of lease contract. The right of use asset is initially measured at cost which comprise the initial amount of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is depreciated using the straight line methods from the commencement date to the earlier of the end of useful life or the end of lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted using the interest rate implicit in the lease or, if that rate could not be readily available, DBH's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest rate method. When lease liability is re-measured for any change of an index or rate, the corresponding adjustments are made.

As lessor

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance lease or operating lease and account for those two types of lease differently.

2.10 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.

2.11 Foreign currency transactions

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

2.12 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 and past historical trend.
- 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.

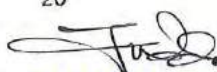



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2.13 Property, plant and equipments

a. Recognition

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

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

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

b. Depreciation

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

Category of assets	Rates of depreciation per annum	Estimated useful life
Furniture & Fixtures	15% - 20%	5- 6.67 years
Equipment	20% - 25%	4 - 5 years
Computer and computer equipment	20% - 25%	4 - 5 years
Vehicles	20%	5 years
Building	3%	33.33 years
Intangible asset	20%	5 years
Right-of-use asset	Based on lease term	Lease term
Land	Not depreciated	-

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

c. De-recognition

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

2.14 Intangible assets

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

2.15 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.

2.16 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-1and Peninsula AMCL Unit Fund have been valued at 85 % of latest published NAV as on December 31, 2020 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.




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2.17 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.

Cash Flow Statement

The cash flow statement is prepared in compliance with the DFIM circular No. 11, dated December 23, 2009 of Bangladesh Bank.

2.18 Revenue recognition

As per IFRS 15: "Revenue from Contracts with Customers", revenue is only recognized when it meets the following five steps model: (i) Identify the contract(s) with customer, (ii) Identify performance obligations in the contract, (iii) Determine the transaction price, (iv) Allocate the transaction price to the performance obligation in the contract and (v) Recognize the revenue when the entity satisfies a performance obligation.

Interest income

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

Fees and other charges on loans

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

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

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

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.

2.19 Retirement benefit costs

i) Gratuity scheme

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

Following benefits are payable on retirement, death or leaving service:

Less than 5 year of confirmed service - Nil

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

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

Maximum benefits - 50 times basic pay

ii) Contributory provident fund

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



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2.20 Workers Profit Participation and Welfare Fund (WPPF)

Establishment of Workers' Profit Participation and Welfare Fund (WPPF) is a matter of Banking and Financial Institutions Sector as a whole. Ministry of Finance through its letters no. 53.00.0000.311.22.002.17-130 dated February 14, 2017 and no. 53.00.0000.311.22.002.17-140 dated February 25, 2018 expressed its opinion that Chapter 15 on "Participation in Company Profits by Workers" in the Bangladesh Labor Act 2006 and amendments made therein on July 22, 2013 should not be applicable for Banks and Financial Institutions and requested to the Ministry of Labor and Employment to take necessary steps in this regard as well as not to apply the said chapter of Labor Act 2006 for Banks and Financial Institutions. Therefore, like other Banks and Financial Institutions, DBH did not recognize the WPPF.

2.21 Taxation

Current tax

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

Deferred tax

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

2.22 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.

2.23 Write off

Write off refers to recognition of the reduced or zero value of an asset. It also refers to an investment for which a return on the investment is now impossible or unlikely. Potential return along with such investment is thus cancelled and removed ("written off") from the company's balance sheet.

Recovery against debts written off is credited to revenue. Income is recognized where amounts are either recovered and/or adjusted against securities/properties or advances there against or are considered recoverable.

2.24 Interest expense

The Company has incurred interest and related expenses on account of term loan, deposit, overdraft and short term loan. In terms of provision of the International Accounting Standard (IAS) - 1 "Presentation of Financial Statements" interest expenses are recognized on accrual basis.

2.25 Earnings per share

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

2.26 Related party disclosures

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

2.27 Events after the balance sheet date

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

2.28 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.



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Managing Director & CEO
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2.29 Branch accounting

The Company has eleven offices (head office & ten branches), with no overseas branch as on December 31, 2020. Accounts of the branches are maintained at the head office which are included in the accompanying financial statements.

2.30 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.

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

<u>Name of the IAS</u>	<u>IAS No.</u>	<u>Status</u>
Presentation of Financial Statements	1	**
Inventories	2	N/A
Statement of Cash Flows	7	**
Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied
Events after the Reporting Period	10	Applied
Income Taxes	12	Applied
Property, Plant and Equipment	16	Applied
Employee Benefits	19	Applied
Accounting for Government Grants and Disclosure of Governments Assistance	20	N/A
The Effect of Changes in Foreign Exchange Rates	21	Applied
Borrowing Costs	23	N/A
Related Party Disclosures	24	Applied
Accounting and Reporting by Retirement Benefits Plans	26	N/A
Separate Financial Statements	27	N/A
Investment in Associates and Joint Ventures	28	N/A
Financial Reporting in Hyperinflationary Economics	29	N/A
Financial Instruments: Presentation	32	**
Earnings per Share	33	Applied
Interim Financial Reporting	34	Applied
Impairment of Assets	36	Applied
Provisions, Contingent Liabilities and Contingent Assets	37	Applied
Intangible Assets	38	Applied
Investment Property	40	N/A
Agriculture	41	N/A
<u>Name of the IFRS</u>	<u>IFRS No.</u>	<u>Status</u>
First-time adoption of International financial Reporting Standards	1	N/A
Share-based Payment	2	N/A
Business Combinations	3	N/A
Insurance Contracts	4	N/A
Non-currents Assets held for sale and discontinued operations	5	N/A
Exploration for and Evaluation of Mineral Resources	6	N/A
Financial Instruments : Disclosures	7	**
Operating Segments	8	N/A
Financial Instruments	9	**
Consolidated Financial Statements	10	N/A
Joint Arrangements	11	N/A
Disclosure of Interests in other Entities	12	N/A
Fair Value Measurement	13	Applied
Regulatory Deferral Accounts	14	N/A
Revenue from Contracts with Customers	15	Applied
Leases	16	Applied

** DBH management has followed the principles of IAS & IFRS consistently in the preparation of the financial statements to that extent as applicable to the financial institution. Some of the standards have not been complied with, about which Bangladesh Bank has special guideline.
N/A = Not applicable

2.32 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.


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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.




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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.

2.33 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.

2.34 Impact of COVID-19

The Global Economy including Bangladesh Economy has been seriously affected in the year 2020 due to the outbreak of COVID-19 pandemic. To prevent the spread of this disease the Government of Bangladesh, like many other countries, has taken a number of measures such as declaration of general holiday, enforcement of lockdown, social distancing, etc. Such measures affected local and international trade and businesses. Business of the company also affected by COVID-19 as the offices remained shut down for a prolonged period during general holidays. Also when the general lockdown was lifted, the company worked with fewer number of employees in rotation to ensure the health safety of the employees and customers, which was the prime concern. As a result, loan disbursement during the year and loan portfolio of the company decreased compared to last year. Commission, fees and charges income of the company also declined due to the same reason. Deferral payment facilities were provided to clients in line with Bangladesh Bank instruction. The company increased the provision for loans and advances to cope with any adverse impact on loan repayment. However, business of the company started to rebound strongly in the second half of the year and Management of the company assessed the going concern and confident to overcome any major adverse effect caused by COVID-19 pandemic.

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3 Cash

3.1 Cash in hand

Local Currency
Foreign Currency

31 December 2020 Taka	31 December 2019 Taka
132,671	105,037
-	-
132,671	105,037

3.2 Balance with Bangladesh Bank and its agent bank

Bangladesh Bank:
Local Currency
Foreign Currency

574,879,700	872,113,744
184,219	182,353
575,063,919	872,296,097
44,331	600,576
575,108,250	872,896,673

Balance with Sonali Bank being an agent of Bangladesh Bank

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

Cash Reserve Requirement and Statutory Liquidity Reserve have been calculated and maintained in accordance with Financial Institution Act - 1993 and Financial Institution Rules - 1994 and DFIM circular no. 03 dated June 21, 2020.

Cash Reserve Requirement (CRR) has been calculated at the rate of 1.5% on 'Total Term Deposits' which is preserved in current account maintained with Bangladesh Bank. 'Total Term Deposits' means Term or Fixed Deposit, Security Deposit against Lease/Loan and other Term Deposits, received from individuals and institutions (except Banks & Financial Institutions).

Statutory Liquidity Reserve (SLR) has been calculated at the rate of 5.0% on Total Liabilities, including CRR of 1.5% on Total Term Deposit. SLR is maintained in liquid assets in the form of cash in hand (notes & coin in BDT), Balance with Bangladesh Bank and other Banks and Financial Institutions, unencumbered treasury bills & bonds & any other assets approved in Government Gazette or by Bangladesh Bank.

3.3.1 Cash Reserve Requirement (CRR)

Required reserve
Actual average reserve maintained
Surplus/(deficit)

561,785,190	888,223,900
584,159,796	917,102,687
22,374,607	28,878,787

3.3.2 Statutory Liquidity Reserve (SLR)

Required reserve (including CRR)
Actual reserve maintained (including CRR note -3.3.1)
Surplus/(deficit)

1,957,572,151	1,871,044,898
14,732,598,228	13,825,019,725
12,775,026,077	11,953,974,827

4 Balance with other banks and financial institutions

In Bangladesh (Note 4.1)
Outside Bangladesh

14,338,776,038	13,028,725,061
-	-
14,338,776,038	13,028,725,061

4.1 In Bangladesh

Current deposits
Short-term deposits
Fixed deposits

51,625,498	25,832,101
4,440,925,040	6,870,468,060
9,846,225,500	6,132,424,900
14,338,776,038	13,028,725,061

4.2 Maturity grouping of balance with other banks and financial institutions

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

2,246,253,103	6,896,300,161
4,826,789,251	1,692,424,900
4,210,485,559	3,940,000,000
3,055,248,125	-
-	500,000,000
-	-
-	-
14,338,776,038	13,028,725,061

5 Money at call on short notice

6 Investments

Government securities:
Other investments:
Non marketable securities (Note-6.1)
Preference Share
Marketable securities (Note-6.2)

1,040,323	1,078,570
54,499,500	54,499,500
43,000,000	45,000,000
390,484,405	361,530,392
487,983,905	461,029,892
489,024,228	462,108,462



31 December 2020	31 December 2019
Taka	Taka

6.1 Investment in non marketable securities

	No. of shares		
Bangladesh Rating Agencies Ltd.	24,995	2,499,500	2,499,500
Peninsula SBC Unit Fund-1	4,000,000	40,000,000	40,000,000
Peninsula AMCL BDBL Unit Fund-1	250,000	2,500,000	2,500,000
Energypriya Ltd. (Pre-IPO shares)	100,000	9,500,000	9,500,000
		54,499,500	54,499,500

6.2 Investment in marketable securities

Sectors	Market price 2020	Cost price	Cost price
Bank	18,251,467	26,928,430	25,877,307
Cement	10,929,130	10,492,093	3,053,169
Engineering	4,640,590	6,200,720	7,283,610
Financial Institutions	5,440,861	5,967,883	5,246,229
Food & Allied	18,355,900	18,122,127	4,978,873
Fuel & Power	15,272,764	16,800,939	16,546,993
IT Sector	-	-	572,449
Insurance	2,311,093	2,073,533	-
Miscellaneous	3,129,000	3,198,543	-
Mutual Funds	147,700,000	209,742,081	219,107,081
Pharmaceuticals & Chemicals	46,634,158	49,771,432	54,631,222
Telecommunication	36,696,891	33,915,096	19,970,777
Textile	6,726,283	7,253,765	4,225,382
Travel & Leisure	147,522	17,764	37,300
	316,235,659	390,484,405	361,530,392

All investment in marketable securities are valued on an aggregate portfolio basis except DBH First Mutual Fund and Green Delta Mutual Fund. Mutual Funds have been valued at 85% of latest published NAV available as on December 31, 2020. As on December 31, 2020 there was Tk. 63,118,746 provision on investment in marketable listed securities and Tk. 6,935,500 for non marketable securities (Bangladesh Rating Agencies Ltd., Peninsula SBC Unit Fund-1 and Peninsula AMCL BDBL Unit Fund-1). Market value has been determined on the basis of the value of securities at last trading date of December 2020 (last trading date was December 30, 2020).

6.3 Maturity grouping of investments:

On demand*	370,484,405	341,530,392
Up to 1 month	50,500,000	42,500,000
Over 1 month but not more than 3 months	-	10,000,000
Over 3 months but not more than 6 months	35,000,000	24,500,000
Over 6 months but not more than 1 year	10,540,323	-
Over 1 year but not more than 5 years	-	21,078,570
Over 5 years	22,499,500	22,499,500
	489,024,228	462,108,462

*Excluding BDT 20,000,000 investment in DBH Mutual Fund.

7 Loans and advances
Inside Bangladesh

Housing Loan - secured	42,365,720,425	44,048,476,474
Installment Receivable - Housing Loan	115,531,310	115,190,191
Staff loan	145,036,577	148,095,962
Loan against Deposits	85,335,671	167,917,661
Others	38,757,491	42,213,102
	42,750,381,474	44,521,893,390

Outside Bangladesh

42,750,381,474 **44,521,893,390**

7.1 Maturity grouping of loans and advances

Repayable on demand	115,531,310	115,190,191
Not more than 3 months	1,864,833,474	2,371,790,825
Over 3 months but not more than 1 year	5,036,624,883	6,084,253,715
Over 1 year but not more than 5 years	19,033,095,406	21,550,176,739
Over 5 years	16,700,296,401	14,400,481,920
	42,750,381,474	44,521,893,390



Md. Moniruzzaman
 Managing Director
 IDLC Investments Limited



- 7.2 a) Loans and advances to institutions in which directors have interest
b) Loans and advances to chief executive
c) Loans and advances to senior executives
d) Loans and advances to customer group:
i) Housing loan - customer
ii) Staff loan-housing & others
iii) Loan to depositors
iv) Others
e) Details of loan and advances industry-wise
i) Housing Finance/ Real Estate
ii) Others

31 December 2020 Taka	31 December 2019 Taka
-	-
26,804,730	21,692,989
42,481,251,735	44,163,666,665
118,231,847	126,402,973
85,335,671	167,917,661
38,757,491	42,213,102
42,750,381,474	44,521,893,390
42,614,394,660	44,295,648,055
135,986,814	226,245,335
42,750,381,474	44,521,893,390

7.3 **Loans and advances - geographical location-wise**
Inside Bangladesh:

Urban

- Dhaka
Chattogram
Sylhet
Cumilla
Gazipur
Narayanganj

38,558,608,590	40,722,719,677
2,262,137,273	2,381,753,257
229,630,940	256,468,785
344,790,225	252,292,311
1,254,989,249	908,659,360
100,225,197	-
42,750,381,474	44,521,893,390
-	-
42,750,381,474	44,521,893,390

Outside Bangladesh:

7.4 **Details of large loans and advances**

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

7.5 **Particulars of Loans and advances**

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

42,731,896,791	44,505,064,191
11,153,139	16,780,385
7,331,544	48,814
-	-
42,750,381,474	44,521,893,390

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.

145,036,577

148,095,962

vi) Loans and advances due by companies or firms in which the directors of the financial institution have interest as directors, partners or managing agents or in case of private companies, as members.

-

-

vii) Maximum total amount of advances including temporary advances made at any time during the period to director, managers or officers of the financial institution or any of them either separately or jointly with any other person.

145,434,286

148,095,962

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

169,724,294

(187,536,024)

i) Increase/(decrease) of provision (specific)

-

-

ii) Amount of written off debt against fully provided debts

-

526,788

iii) Amount of debt recovered against the debt which was previously written off

144,172,308

144,418,845

b) Amount of provision kept against loan classified as bad/loss at balance sheet date

57,660,952

45,584,084

c) Amount of interest creditable to interest suspense account

8,820,658

9,347,446

xi) Cumulative amount of written off loans and advances

Opening Balance

-

-

Amount written off during the year

-

526,788

Amount recovered against loans and advances previously written off

8,820,658

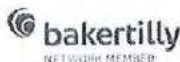
8,820,658

Balance of written off loans and advances yet to be recovered

9,425,086

9,425,086

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



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Md. Moniruzzaman
Managing Director
IDLC Investments Limited

Nasimul Baten
Managing Director & CEO
Delta Brac Housing Finance Corp. Ltd.



7.6 Classification of loans and advances

Unclassified:

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

Classified:

Sub-standard
Doubtful
Bad/loss

	31 December 2020 Taka	31 December 2019 Taka
Standard	42,521,233,745	44,249,882,310
Special mention account (SMA)	55,054,821	70,397,628
	42,576,288,566	44,320,279,938
Sub-standard	9,087,809	20,313,926
Doubtful	20,832,791	36,880,681
Bad/loss	144,172,308	144,418,845
	174,092,908	201,613,452
	42,750,381,474	44,521,893,390

7.7 Calculation of provision for loans and advances as per Loan Classification Report as on December 31, 2020.

Nature	Base for provision	Rate (%)	Provision required
Standard	42,290,861,497	1	422,908,615
Special mentioned account	46,342,439	5	2,317,122
Sub-standard	-	20	-
Doubtful	616,794	50	308,397
Bad/loss	16,599,583	100	16,599,583
Staff loan - standard	145,036,577	1	1,450,366
Loan against deposit - standard	85,335,671	1	853,357

8 Fixed assets including land, building, furniture, equipment and Right-of-use asset:

Restated

Cost

Balance as of 01 January
Addition during the year

Balance as of 01 January	460,417,071	308,042,136
Addition during the year	60,144,628	160,128,701
	520,561,699	468,170,837
Disposal/Adjustments	(4,256,113)	(7,753,766)
Balance as of 31 December	516,305,586	460,417,071

Depreciation

Balance as of 01 January
Addition during the year

Balance as of 01 January	180,712,804	138,526,246
Addition during the year	49,754,040	49,905,760
	230,466,844	188,432,006
Disposal/Adjustments	(4,042,206)	(7,719,202)
Balance as of 31 December	226,424,638	180,712,804

Written down value

Details are shown in annexure A.

Written down value	289,880,948	279,704,267
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9 Other assets

Accounts receivable (Note-9.1)
Advances, deposits and prepayments (Note-9.2)
Stamps and pay order in hand
Deferred tax assets (Note-9.3)

	Restated
Accounts receivable (Note-9.1)	140,576,576
Advances, deposits and prepayments (Note-9.2)	20,444,817
Stamps and pay order in hand	2,690,865
Deferred tax assets (Note-9.3)	-
	163,712,258
	114,496,609

9.1 Account receivables

Interest receivable
Dividend receivable
Sundry receivable

Interest receivable	120,571,774	78,898,275
Dividend receivable	7,025,445	5,217,363
Sundry receivable	12,979,357	18,860,999
	140,576,576	102,976,637

Sundry receivable includes receivable from Green delta Securities, BRAC EPL Brokerage, DLI Securities, Lanka Bangla securities, City Bank Capital Resources, Forfeited DBH Staff Provident Fund, etc.)

9.2 Advances, deposits and prepayments

Advance to employees
Advance to suppliers
Security deposits
Prepaid expenses

Advance to employees	133,000	171,000
Advance to suppliers	15,627,800	2,370,750
Security deposits	3,670,000	3,670,000
Prepaid expenses	1,014,017	1,962,655
	20,444,817	8,174,405



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**ACNABIN**

Chartered Accountants

9.3 Deferred tax assetsOpening balance
Less: Reduced during the year (Note-9.3 a)**9.3 a Calculation of deferred tax assets**

Carrying amount of Fixed Assets (excluding land)

Tax base value of Fixed Assets

Deductible temporary difference

Applicable tax rate

i) Deferred tax assets on fixed assets

Carrying amount-Loss on sale of securities

Tax base

Deductible temporary difference

Applicable tax rate

ii) Deferred tax assets on loss on sale of securities

Total deferred tax assets (i+ ii)

Deferred tax assets at the beginning of the year

Deferred tax income

10 Borrowing from other banks and financial institutions

Inside Bangladesh (Note 10.1)

Outside Bangladesh

10.1 Inside Bangladesh**a Secured Short-term & long-term loans:**

Pubali Bank Limited

Standard Chartered Bank

Citi Bank, NA

Commercial Bank of Ceylon plc

b Unsecured long-term loan:

Bangladesh Bank (Housing refinance)

c Bank overdraft:

Commercial Bank of Ceylon plc

Woori Bank

Pubali Bank Limited

Standard Chartered Bank

d Call loans:

Agrani Bank Ltd.

Uttara Bank Ltd.

The Trust Bank Ltd.

Mutual Trust Bank Ltd.

Community Bank Bangladesh Ltd.

United Finance Ltd.

NRB Bank Ltd.

Bank Asia Ltd.

United Commercial Bank Ltd.

Bangladesh Development Bank Ltd.

Southeast Bank Ltd.

Sonali Bank Ltd.

Total inside Bangladesh(a+b+c+d)

31 December 2020 Taka	31 December 2019 Taka
185,807	1,049,632
185,807	863,825
-	185,807

-	-
-	-
-	-
37.50%	37.50%
-	-
-	1,858,069
-	-
-	1,858,069
10%	10%
-	185,807
-	185,807
185,807	1,049,632
(185,807)	(863,825)

5,571,061,010	7,051,344,655
5,571,061,010	7,051,344,655

-	1,000,000,000
250,000,000	1,080,000,000
290,000,000	295,000,000
750,000,000	1,120,000,000
1,290,000,000	3,495,000,000

1,708,865,014	1,954,250,188
1,708,865,014	1,954,250,188

245,418	8,661,337
111,131,186	161,505,140
150,450,201	261,927,990
20,369,191	-
282,195,996	432,094,467

700,000,000	-
200,000,000	-
290,000,000	-
300,000,000	-
400,000,000	-
200,000,000	-
200,000,000	-
-	400,000,000
-	190,000,000
-	200,000,000
-	180,000,000
-	200,000,000
2,290,000,000	1,170,000,000
5,571,061,010	7,051,344,655



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31 December 2020 Taka	31 December 2019 Taka
--------------------------	--------------------------

10.2 Security against borrowings from other banks and financial institutions

Secured	1,572,195,996	3,927,094,467
Unsecured	3,998,865,014	3,124,250,188
	5,571,061,010	7,051,344,655

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

10.3 Maturity grouping of borrowings from other banks and financial institutions

Payable on demand	2,290,000,000	1,170,000,000
Up to 1 month	12,710,556	13,173,052
Over 1 month but within 3 months	337,288,472	1,464,107,701
Over 3 months but within 1 year	1,460,830,205	2,695,181,268
Over 1 year but within 5 years	836,116,318	900,183,634
Over 5 years	634,115,459	808,699,000
	5,571,061,010	7,051,344,655

11 Deposits and other accounts

Fixed deposits (Note: 11.1)	43,826,874,936	43,411,284,633
Other deposits	-	-
	43,826,874,936	43,411,284,633

11.1 Fixed deposits

Opening balance	43,411,284,633	43,318,721,105
Addition during the year	93,372,242,271	91,819,945,221
	136,783,526,904	135,138,666,326
Repayment made during the year	(92,956,651,968)	(91,727,381,693)
Closing balance	43,826,874,936	43,411,284,633

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

Government	785,892,144	959,401,804
Bank	6,550,000,000	6,940,000,000
Other institutions	18,013,916,031	18,419,947,668
Individuals	18,477,066,761	17,091,935,161
	43,826,874,936	43,411,284,633

11.3 Maturity analysis of deposits

Payable on demand	-	-
Up to 1 month	2,243,781,910	1,487,990,582
Over 1 month but within 6 months	6,738,744,443	6,859,534,559
Over 6 months but within 1 year	4,908,942,206	4,269,546,739
Over 1 year but within 5 years	108,336,504	75,669,758
Over 5 years but within 10 years	24,233,989,748	24,394,883,636
Over 10 years	5,593,080,125	6,323,659,359
	43,826,874,936	43,411,284,633

12 Other liabilities

Provision for loans & investment (Note: 12.1)	949,565,925	822,857,899
Provision for income tax (Note: 12.2)	389,870,891	276,235,131
Interest suspense (Note: 12.3)	57,660,952	45,584,084
Other payables (Note:12.4)(2019: restated)	1,374,468,216	1,860,336,634
Deferred tax liability (Note:12.5)(2019: restated)	6,057,948	3,681,830
	2,777,623,932	3,008,695,578

12.1 Provision for loans and investment

Opening balance	822,857,899	959,540,524
Provision written off	-	-
Provision recovered for the year	-	526,788
Provision charged/ (released) for the year	126,708,026	(137,209,413)
Provision no longer required written back	-	-
Recoveries of amounts previously written off	-	-
Closing balance	949,565,925	822,857,899

12.1.1 General provision

Opening balance	445,647,916	439,271,675
Charged during the year	(18,118,457)	6,376,241
Closing balance	427,529,459	445,647,916





12.1.2 Specific provision

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

31 December 2020 Taka	31 December 2019 Taka
282,257,926	469,267,162
-	-
-	-
169,724,294	(187,536,024)
-	-
-	526,788
451,982,220	282,257,926

12.1.3 Provision for diminutions in the value of investments

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

94,952,057	51,001,687
(24,897,811)	43,950,370
70,054,246	94,952,057

12.1.A Provision on loans and advances

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

(18,118,457)	6,376,241
169,724,294	(187,536,024)
151,605,837	(181,159,783)

12.2 Provision for income tax

Provision

Opening balance
Less: Adjustment during the year for completed tax assessment
Less: Excess/(Short) provision adjustment

4,669,315,012	5,191,249,416
-	999,004,151
-	51,261,747
4,669,315,012	4,140,983,518

Add: Provision made during the year
Closing balance

604,672,845	528,331,494
5,273,987,857	4,669,315,012

Advance tax

Opening balance
Add: Payment made during the year
Under Section 64 and 74 of ITO, 1984
Deduction at source
Others

4,393,079,881	4,825,910,674
400,408,669	433,687,024
90,628,416	131,986,334
-	500,000
4,884,116,966	5,392,084,032

Less: Adjustment during the year for completed tax assessment
Closing balance

-	(999,004,151)
4,884,116,966	4,393,079,881

Net balance

389,870,891	276,235,131
--------------------	--------------------

12.3 Interest suspense

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

45,584,084	43,146,271
12,076,868	2,437,813
-	-
57,660,952	45,584,084

12.4 Other payables

Interest payable on deposits & loans
Lease liability (2019: restated)
Sundry creditors
Unclaimed instruments
Unclaimed dividend account
Payable to clients
Loan under litigation
Privileged creditors
Liability for expenses

1,009,350,822	1,520,958,586
52,009,007	30,130,234
102,334,226	116,154,384
12,792,463	12,180,705
4,112,147	4,086,543
71,726,552	60,523,113
17,908,244	15,737,774
99,974,097	97,689,408
4,260,658	2,875,887
1,374,468,216	1,860,336,634

As per the BSEC directive No. BSCE/CMRRCD/2021 dated 14/1/2021, a separate line item is required to be presented in the Statement of Financial Position for Unclaimed dividend account. DBH, being a financial institution, is required to prepare and present financial statements as per DFIM Circular No. 11, dated 23 December 2009 and there is no scope of such presentation. Therefore, a separate line item for Unclaimed dividend account is presented in notes to the financial statements.



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bakertilly
THE TRUST MEMBER

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Wadud

Nasimul

Nasimul Baten
Managing Director & CEO
Delta Brac Housing Finance Corp. Ltd.



12.5 Calculation of deferred tax liability

Carrying amount of Fixed Assets (excluding land)
Tax base value of Fixed Assets
A) Taxable temporary difference

Right-of-use Asset -Carrying amount
Right-of-use Asset -Tax base
Taxable temporary difference

Lease liability- ROU -carrying amount
Lease liability-ROU-Tax base
Deductible temporary difference
B) Net taxable temporary difference -ROU asset
Total taxable temporary difference (A+B)
Applicable tax rate

Total deferred tax liability
Deferred tax liability at the beginning of the year
Deferred tax Expense

31 December 2020 Taka	31 December 2019 Taka
	Restated
219,104,442	228,842,677
208,059,114	226,097,519
11,045,328	2,745,158
57,118,206	37,203,290
-	-
57,118,206	37,203,290
52,009,007	30,130,234
-	-
52,009,007	30,130,234
5,109,199	7,073,056
16,154,527	9,818,214
37.50%	37.50%
6,057,948	3,681,830
3,681,830	-
2,376,118	3,681,830

13 Share capital

13.1 Authorized capital

199,950,000 Ordinary shares of Tk. 10 each
5,000 Preference shares of Tk. 100 each

1,999,500,000	1,999,500,000
500,000	500,000
2,000,000,000	2,000,000,000

13.2 Issued, subscribed, called and paid-up capital

Ordinary shares

Opening
12,185,184 ordinary shares of Tk 10 each issued as bonus share
20,105,554 Ordinary shares of Taka 10 each issued as bonus share

1,340,370,270	1,218,518,430
-	121,851,840
201,055,540	-
1,541,425,810	1,340,370,270

13.3 Capital of the Company is held by the following shareholders

Ordinary shares

Local shareholders:

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

Foreign shareholders:

General shareholders

31 December 2020	
No of shares	Taka
28,344,362	283,443,620
27,171,345	271,713,450
23,592,013	235,920,130
41,210,256	412,102,560
120,317,976	1,203,179,760
33,824,605	338,246,050
33,824,605	338,246,050
154,142,581	1,541,425,810

13.4 Break-up of Paid-up capital:

Date of Issue
11 May, 1996 to 28 June, 1998
12-Dec-06
09-Apr-08
02-Dec-08
23-Nov-09
08-Dec-10
22-Nov-11
Total
Face Value Change (2011)
14-Nov-12
24-Nov-16
31-Mar-19
17-Jun-20
Total paid-up capital

31 December 2020		
Number of Shares	Face Value	Amount
2000000	100	200,000,000
200000	100	20,000,000
500000	100	50,000,000
810000	100	81,000,000
526500	100	52,650,000
1009125	100	100,912,500
5045625	100	504,562,500
10091250	100	1,009,125,000
100912500	10	1,009,125,000
15136875	10	151,368,750
5802468	10	58,024,680
12185184	10	121,851,840
20105554	10	201,055,540
154142581	10	1,541,425,810



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Md. Mphiruzzaman
Md. Mphiruzzaman
Managing Director
IDLC Investments Limited

Nasim Baten
Nasim Baten
Managing Director & CEO
Delta Brac Housing Finance Corp. Ltd.



13.5 Capital adequacy ratio - As per BASEL-II

1. Tier-1 (Core Capital)

1.1	Fully Paid-up Capital/Capital Deposited with BB
1.2	Statutory Reserve
1.3	Non-repayable Share premium account
1.4	General Reserve
1.5	Retained Earnings
1.6	Minority interest in Subsidiaries
1.7	Non-Cumulative irredeemable Preferences shares
1.8	Dividend Equalization Account
1.9	Others (if any item approved by Bangladesh Bank)
1.10	Sub-Total (1.1 to 1.9)

31 December 2020 Taka	31 December 2019 Taka
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1,541,425,810	1,340,370,270
1,486,425,811	1,340,370,271
55,000,000	55,000,000
2,575,040,000	2,325,040,000
523,564,368	497,824,092
-	-
-	-
250,000,000	250,000,000
-	-
6,431,455,989	5,808,604,633

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)

-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
6,431,455,989	5,808,604,633

2. Tier-2 (Supplementary Capital)

2.1	General Provision (Unclassified loans up to specified limit + SMA + off Balance Sheet exposure)
2.2	Assets Revaluation Reserves up to 50%
2.3	Revaluation Reserve for Securities up to 45%
2.4	Revaluation reserve for equity instrument up to 10%
2.5	All other preference shares
2.6	Other (if any item approved by Bangladesh Bank)
2.7	Sub-Total (2.1 to 2.6)
2.8	Applicable Deductions (if any)
2.9	Total Eligible Tier-2 Capital (2.7-2.8)

300,858,748	305,759,640
-	-
-	-
-	-
-	-
-	-
300,858,748	305,759,640
-	-
300,858,748	305,759,640

Total capital

Total risk weighted assets	27,799,006,174	27,897,309,553
Required capital based on risk weighted assets(10%)	2,779,900,617	2,789,730,955
Surplus	3,952,414,120	3,324,633,318
Capital Adequacy Ratio:		
On core capital	23.14%	20.82%
On actual capital (against standard of minimum 10%)	24.22%	21.92%
Supplementary Capital to risk weighted assets	1.08%	1.10%

27,799,006,174	27,897,309,553
2,779,900,617	2,789,730,955
3,952,414,120	3,324,633,318
23.14%	20.82%
24.22%	21.92%
1.08%	1.10%

14 Share premium account

Ordinary shares

55,000,000	55,000,000
55,000,000	55,000,000

15 Statutory reserve

Opening balance
Add: addition during the year
Closing balance

1,340,370,271	1,307,430,064
146,055,540	32,940,207
1,486,425,811	1,340,370,271

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



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Nasimul Baten

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Managing Director & CEO
Delta Brac Housing Finance Corp. Ltd.



31 December 2020 Taka	31 December 2019 Taka
1,275,000,000	1,275,000,000
1,300,000,000	1,050,000,000
250,000,000	250,000,000
40,000	40,000
2,825,040,000	2,575,040,000

16 Other reserves

Contingency Reserve (Note 16.1)
General Reserve (Note 16.2)
Dividend equalization reserve (Note 16.3)
Capital redemption reserve

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

16.1 Contingency reserve

Opening balance
Add: addition during the year
Closing balance

1,275,000,000	1,075,000,000
-	200,000,000
1,275,000,000	1,275,000,000

16.2 General reserve

Opening balance
Add: addition during the year
Closing balance

1,050,000,000	700,000,000
250,000,000	350,000,000
1,300,000,000	1,050,000,000

16.3 Dividend equalization reserve

Opening balance
Add: addition during the year
Closing balance

250,000,000	250,000,000
-	-
250,000,000	250,000,000

17 Business commitments and contingencies

17.1 Contingent liabilities

54,040,388 **61,612,242**

The said amount claimed by the tax authority for the assessment year 2004-05, 2005-06, 2014-15, 2016-17 and 2017-18 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

578,220,000 **410,580,000**

17.3 Capital expenditure commitments

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

Nil	Nil
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.



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bakertilly
NETWORK MEMBER
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**ACNABIN**

Chartered Accountants

18 Interest income

Interest on loans
Interest on placement with other banks & BB FX deposits
Interest on short term investment

31 December 2020 Taka	31 December 2019 Taka
4,987,198,382	5,189,880,471
921,590,915	1,156,788,110
-	6,101,389
5,908,789,297	6,352,769,970

19 Interest paid on deposits and borrowings etc.

Interest on term loans
Interest on deposits
Interest on short-term borrowing
Interest on overdraft
Interest expense-lease (2019 restated)

92,225,547	104,367,617
3,648,186,900	4,191,758,760
203,795,316	333,614,782
9,976,946	12,301,934
5,999,771	2,803,498
3,960,184,480	4,644,846,591

20 Income from investments

Gain/(loss) on sale of marketable securities
Dividend income
Interest on Treasury Bond

14,002,868	(1,858,069)
10,090,710	28,634,034
57,253	59,222
24,150,831	26,835,187

21 Commission, exchange and brokerage

Loan fees
Other charges and fees

82,391,672	96,934,812
73,472,425	102,837,586
155,864,097	199,772,398

22 Other operating income

Property service income
Gain on sale of fixed assets
Miscellaneous income
Forfeited Provident fund income

9,288,888	5,024,287
1,051,048	465,671
562,856	1,305,044
8,771,999	-
19,674,791	6,795,002

23 Salary and allowances

Salary and allowances include annual contribution of Tk. 10,619,369 to DBH Staff Provident Fund and Tk. 10,339,975 to DBH Employees Gratuity Fund which are recognised by NBR.

354,075,491	337,505,438
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24 Rent, taxes, insurance, electricity etc.

Rent, rates & taxes(Note 24.1) (2019: restated)
Insurance
Electricity
Water

21,758,659	24,721,375
3,969,921	3,054,738
5,775,709	6,311,735
502,940	497,727
32,007,229	34,585,575

24.1 Disclosure related to Rent, rates and taxes

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

46,665,397	46,677,335
24,906,738	21,955,960
21,758,659	24,721,375

25 Legal and professional expenses

Law charges
Other professional charges

9,809,777	5,091,157
2,757,777	3,256,460
12,567,554	8,347,617

26 Postage, stamp, telecommunication etc.

Postage & courier service
Stamp expenses
Telephone & internet

542,273	615,429
2,704,132	3,761,464
3,636,519	3,256,062
6,882,924	7,632,955

27 Stationery, printing, advertisements etc.

Printing
Stationery
Publicity and advertisement

1,529,667	1,717,701
1,402,986	1,927,604
4,484,098	11,484,084
7,416,751	15,129,389



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27.1 Managing Director's salary and fees

Managing Director of the company retired from his service with effect from 30 June 2020. Therefore, Salary of Managing Director was accounted for six months only. Salary of Acting Managing Director for the rest of the period was accounted in the Salary and Allowances head.

31 December 2020 Taka	31 December 2019 Taka
7,050,000	15,100,000

28 Directors' fees and expenses

Fees for attending meeting
Incidental meeting expenses

832,000	536,000
124,897	122,837
956,897	658,837

29 Statutory annual audit fees (including VAT)

517,500	483,000
517,500	483,000

30 Depreciation/Amortization, repairs & maintenance

Depreciation/Amortization:

Freehold assets
Right-of-use Asset (2019: restated)
Intangible assets

28,139,624	28,474,863
20,457,615	20,234,791
1,156,801	1,196,105
49,754,040	49,905,760

Repairs & maintenance:

Vehicle
Office equipment & premises
Computer hardware & software

1,702,033	1,419,250
7,090,259	7,256,259
2,404,120	3,798,970
11,196,412	12,474,479
60,950,452	62,380,239

31 Other expenses

Staff training & recruitment expense
Office security
Transportation, traveling & conveyance
Canteen expense
Business promotion & entertainment
Car fuel
Books and papers
Bank charges
Recovery expenses
Donation, subscription and Fees
Public relation & AGM expense
Outsource agency charges
Brokerage
Staff welfare expense

251,549	747,988
3,074,963	3,255,663
22,576,788	20,720,662
1,309,783	1,718,508
781,766	930,113
1,149,129	1,947,094
25,492	58,653
3,829,261	3,810,598
1,847,673	1,250,869
4,060,993	6,550,145
535,645	312,558
337,337	364,669
146,454	171,096
1,074,699	3,318
41,001,532	41,841,934

32 Provision for tax

Current tax

Provision for income tax
Less: Excess/(Short) provision adjustment

604,672,845	528,331,494
-	(51,261,747)
604,672,845	477,069,747

Deferred tax

Expense on taxable temporary differences (Note-9.3 a)
Expense/(Income) on taxable temporary differences (Note-12.5)

	Restated
185,807	863,825
2,376,118	3,681,830
2,561,925	4,545,655

Reconciliation of effective tax rate

	2020		2019	
	Taka	%	Taka	%
Tax using the company's tax rate	561,810,068	37.50%	583,076,398	37.50%
Tax effect of:				
Provision for non-deductible expenses	957,953	0.06%	(50,249,671)	-3.23%
Adjustment/provision released during the year	47,515,510	3.17%	(51,261,747)	-3.30%
Other components of tax as per ITO 1984	(6,152,436)	-0.41%	(4,603,325)	-0.30%
Difference between accounting and tax depreciation	7,631,864	0.51%	7,290,265	0.47%
Difference due to Lease liability and office rent	(7,090,114)	-0.47%	(7,182,173)	-0.46%
Effective tax rate	604,672,845	40.36%	477,069,747	30.68%



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Managing Director & CEO
Delta Brac Housing Finance Corp. Ltd.



33 Retained earnings
Opening balance
Add: Profit after tax for the year transferred from Profit & Loss Account
Accumulated profit available for distribution
Less: Appropriations
Transferred to statutory reserve
Transferred to general reserve
Transferred to contingency reserve
Issue of bonus shares for previous year
Cash dividend paid for last year

Closing balance

31 December 2020 Taka	31 December 2019 Taka
	Restated
497,824,092	433,990,753
890,925,410	1,073,254,993
1,388,749,502	1,507,245,746
146,055,540	32,940,207
250,000,000	350,000,000
-	200,000,000
201,055,540	121,851,840
268,074,054	304,629,607
865,185,134	1,009,421,654
523,564,368	497,824,092

34 Earnings per share
Profit after Tax
Profit available for ordinary shareholders

Number of shares outstanding for calculating basic EPS
Basic earnings per share (restated)

890,925,410	1,073,254,993
890,925,410	1,073,254,993
154,142,581	154,142,581
5.78	6.96

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

35 Net asset value (NAV) per share
Shareholders' Equity
Number of Share
Net asset value (NAV) per share (As at 31 December)
(2019: restated)

6,431,455,989	5,808,604,633
154,142,581	154,142,581
41.72	37.68

36 Net operating cash flows per share (NOCFPS)
Net cash from operating activities
Number of Share
Net operating cash flows per share (NOCFPS)
(2019: restated)

1,446,731,825	1,930,055,377
154,142,581	154,142,581
9.39	12.52

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

Particulars	Amount in Taka		Remarks
	2020	2019	
Profit after tax	890,925,410	1,073,254,993	
Provision for income tax	607,234,770	481,615,402	Non cash item
Depreciation	49,754,040	49,905,760	Non cash item
Provision for Loans and advances	151,605,837	(180,632,995)	Non cash item
Provision for Diminution in value of Investment	(24,897,811)	43,950,370	Non cash item
Interest Suspense	12,076,868	2,437,813	Non cash item
Gain/loss on sale of fixed assets	(1,051,048)	(465,671)	Non-operating item
Accrual for dividend, LAD and interest receivable	(43,136,024)	121,512,608	Changes in accrual
Accrual for expenses	(523,996,131)	159,209,418	Changes in accrual
Purchase & sale of trading securities	(28,954,013)	676,326	(Inc)/Dec of assets
Loans and advances	1,771,166,576	(680,739,652)	(Inc)/Dec of assets
Other Assets	(5,506,665)	57,776,076	(Inc)/Dec of assets
Loan and deposit from Banks and Customer	(914,794,871)	1,402,661,488	Inc/(Dec) of liabilities
Other liabilities	(2,658,028)	(34,933,202)	Inc/(Dec) of liabilities
Income tax paid	(491,037,085)	(566,173,357)	
Net cash flows from operating activities	1,446,731,825	1,930,055,377	

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

In hand	132,671	105,037
Balance with Bangladesh Bank and its agent Bank	575,108,250	872,896,673
Balance with other banks and financial institutions	14,338,776,037	13,028,725,061
Bank Overdraft	(282,195,996)	(432,094,467)
	14,631,820,962	13,469,632,304

38 Dividend on ordinary shares
Proposed dividend:

The Board of Directors in its 120th meeting held on 22 March 2021 has recommended cash dividend @ 15% i.e. Taka 1.5 per ordinary share and stock dividend @ 15% (i.e. three bonus shares for every twenty ordinary shares held) for the year ended 31 December 2020 for placement before the shareholders for approval at 25th AGM of the company.



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31 December 2020 Taka	31 December 2019 Taka
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39 Foreign currency inward/outward remittance

During this year no such transaction occurred that should be reported.

40 Related party transactions

The company has entered into transactions with other entities in normal course of business that fall within the definition of related party as per International Accounting Standard-24 "Related Party Disclosures". The terms of related party transaction are not significantly different from those that could have been obtained from third parties. The significant related party transactions are as follows:

Name of the related parties	Relationship	Particulars	Expenses incurred during the year (Taka)
Delta Life Insurance Company Limited (DLIC)	Shareholder	Insurance premium	2,066,322
Green Delta Insurance Company Limited (GDICL)	Shareholder	Insurance premium	1,177,764

Name of the related parties	Relationship	Share Buy	Share Sale	Balance
Green Delta Securities Ltd.	Subsidiary of GDICL	65,645,224	64,199,213	296,035,895
Delta Life Securities Ltd.	Subsidiary of DLICL	12,234,726	12,241,173	24,339,192

During the year Taka 40,507,368/- was paid as salary and allowances to the top 5 employees of the company.

41 Number of employees

During the year under audit, there were 237 (2019: 219) employees employed for the full period and 33 (2019: 70) employees for less than full period at a remuneration of Taka 3,000 and above per month.



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Managing Director & CEO
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42. General Disclosure
42.1 Name of Directors and entities in which they have interest as Director as at 31 December 2020:

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
		Professional Advancement Bangladesh	Chairman
Dr. A M R Chowdhury	Vice Chairman	BRAC University	Member, Board of Trustees
Ms. Mehreen Hassan, Bar-at-Law	Director	Nil	Nil
Mr. Md. Mujibur Rahman	Director	Shanta Holdings Limited	Executive Director
		Shanta Securities Limited	Director
		Centre for Women and Child Health (CWCH)	Member of the Board of Trustees and General
Mr. Syed Moinuddin Ahmed	Director	Green Delta Insurance Co. Ltd	AMD & Company Secretary
		GD Assist Ltd.	Managing Director
		Green Delta Securities Ltd.	Director (Representing GDIC)
		Green Delta Capital Ltd.	Director (Representing GDIC)
		Professional Advancement Bangladesh	Director (Representing GDIC)
Mr. M. Anisul Haque	Director	Shanta Holdings Limited	Executive Director, Group Finance
		Delta Life Securities Ltd	Director
		Shanta Securities Limited	Director
Mr. Mohammad Anisur Rahman	Director	BRAC	Senior Director Enterprises
Ms. Rasheda K. Choudhury	Independent Director	Campaign for Popular Education (CAMPE)	Executive Director
Major General Syeed Ahmed BP, (Retd.)	Independent Director	Nil	Nil

Mr. Nasir A. Choudhury and Mr. Syed Moinuddin Ahmed are the Representative Director of Green Delta Insurance Company Ltd. Dr. A. M. R. Chowdhury and Mr. Mohammad Anisur Rahman are the Representative Director of BRAC. Ms. Mehreen Hassan, Bar-at-law, Mr. Md. Mujibur Rahman and Mr. M. Anisul Haque, FCMA are the Representative Director of Delta Life insurance company Ltd.



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 Managing Director
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42.2 Audit committee

The Audit Committee consists of the following Directors of the Board as at **31 December 2020**:

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

During the period from January to December 2020, the audit committee of the Board conducted 5 (five) meetings.

Sl. No.	Meeting No	Meeting Date
1	50	19-Feb-20
2	51	17-Jun-20
3	52	29-Jul-20
4	53	25-Oct-20
5	54	30-Dec-20

The Committee discussed among others, the following issues:

Review of Internal Compliance Report.

Review of the un-audited quarterly financial statements and the audited financial statements.

Appointment / Re-appointment of Statutory Auditors.

42.3 Events after the Balance Sheet date

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

42.4 Comparative information

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



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Nasimul Baten
Nasimul Baten
Managing Director & CEO
Delta Brac Housing Finance Corp. Ltd.



Annexure-A

Schedule of Fixed assets and Intangible assets:
For the year 2020

Particulars	Cost			Depreciation/Amortization			Written down value as at 31 December 2020
	Balance as on 1 January 2020	Additions during the year	Disposals during the year	Balance as at 31 December 2020	Charged for the year	Adjustment on disposals	
Furniture & fixtures	62,783,958	5,249,212	461,395	67,571,775	7,034,867	435,714	49,995,445
Office Equipment	32,394,564	1,030,277	1,139,338	32,285,503	3,174,235	1,130,933	25,782,452
Computer and computer equipments	46,469,271	12,432,834	2,483,475	56,718,630	5,731,689	2,115,711	42,257,767
Vehicles	41,896,336	230,720	359,851	41,767,205	6,273,284	359,818	36,829,174
Building	198,480,625	-	-	198,480,625	5,928,549	-	25,115,893
Land	13,698,300	-	-	13,698,300	-	-	13,698,300
Right of use asset	57,438,081	40,484,585	112,054	97,810,612	20,457,615	-	40,692,406
	453,121,135	59,427,628	4,256,113	508,792,650	48,597,239	4,042,206	220,673,137
Intangible asset:							
Software	7,295,936	717,000	-	8,012,936	1,156,801	-	5,751,501
Total 2020	460,417,071	60,144,628	4,256,113	516,305,586	49,754,040	4,042,206	226,424,638

Schedule of Fixed assets and Intangible assets:
For the year 2019 (Restated)

Particulars	Cost			Depreciation/Amortization			Written down value as at 31 December 2019
	Balance as on 1 January 2019	Additions during the year	Disposals during the year	Balance as at 31 December 2019	Charged for the year	Adjustment on disposals	
Furniture & fixtures	63,255,436	4,474,028	4,945,506	62,783,958	6,667,955	4,945,064	43,396,292
Office Equipment	31,177,095	3,708,865	2,491,395	32,394,564	2,947,785	2,491,360	23,742,150
Computer and computer equipments	44,362,523	2,423,612	316,864	46,469,271	5,204,301	282,778	38,541,789
Vehicles	41,729,821	156,515	-	41,896,336	8,178,032	-	30,915,738
Building	108,128,476	90,352,149	-	198,480,625	5,476,789	-	19,187,344
Land	12,092,849	1,565,451	-	13,698,300	-	-	13,698,300
Right of use asset	57,438,081	57,438,081	-	57,438,081	20,234,791	-	20,234,791
	300,746,200	160,128,701	7,753,766	453,121,135	48,709,654	7,719,202	176,118,104
Intangible asset:							
Software	7,295,936	-	-	7,295,936	1,196,106	-	4,594,700
Total 2019	308,042,136	160,128,701	7,753,766	460,417,071	49,905,760	7,719,202	180,712,804



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ANNEXURE 3: CREDIT RATING REPORT OF THE ISSUE

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**Credit Rating Report
Of
DBH Zero Coupon Bond**

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EMERGING Credit Rating Ltd

DBH Zero Coupon Bond

Credit Rating Report

Valid From	Valid Till	Rating Action	Long Term Rating	Short Term Rating	Outlook
July 01, 2021	June 30, 2022	Surveillance	AAA	ST-1	Stable
July 01, 2020	June 30, 2021	Surveillance	AAA	ST-1	Stable
July 01, 2019	June 30, 2020	Surveillance	AAA	ST-1	Stable
July 01, 2018	June 30, 2019	Initial	AAA	ST-1	Stable

Corporate Bond Rating

Valid From	Valid Till	Rating Action	Long Term Rating	Outlook
June 16, 2021	June 15, 2022	Initial	AA+B	Stable

* B denotes bond

Credit Analysis

Date of Incorporation : May 11, 1996

Managing Director & CEO : Mr. Nasimul Baten

Issue : Non-Convertible Zero Coupon Bond up to BDT 3,000.00 million in Face Value

Program Tenure : 4 years

Issuer : Delta Brac Housing Finance Corporation Ltd.


Lead Arranger : UCB Investment Limited

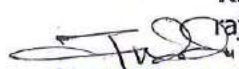
Trustee : IDLC Investments Limited

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Corporate Bond

Emerging Credit Rating Ltd

CREDIT ANALYSIS

Corporate Bond

2021 Initial Review

DBH Zero Coupon Bond

Major Rating Factors

- Strengths**
- ☒ Good corporate governance.
 - ☒ Experienced and well-organized management team.
 - ☒ Good asset quality with lowest NPLs in the NBFi industry.
 - ☒ Strong capital base resulting into healthy Capital Adequacy Ratio (CAR).
 - ☒ Good retail clientele base.
 - ☒ Pioneer in housing/real estate finance.
- Challenge/Risks**
- ☒ Declining credit growth caused by the pandemic
 - ☒ Sole concentration in housing finance leading to lack of diversification.
 - ☒ Competitive pressure from commercial banks/NBFIs.
 - ☒ Shortfall in both short & long term maturity bucket but staying within the regulatory requirement.


Rationale


Emerging Credit Rating Limited (ECRL) has assigned **AA+_B** (Pronounced as Double A Plus Bond) long term credit rating to Delta Brac Housing Finance Corporation Ltd.'s (From here on referred to as 'DBH' or 'the FI') Non-Convertible Zero Coupon Bond (hereinafter referred to as "The Zero Coupon Bond" or "The Bond" or "The Issue") issuance up to BDT 3,000.00 million in face value. The outlook on the rating is **Stable**. The rating is consistent with ECRL's methodology for this type of financial institutions and bond rating. ECRL considered financial performance, capital base, asset composition, asset quality, liquidity management, earning trends, management experience and prospect of the industry while assigning the standalone rating and the possibility of likely default of the bond while assigning the bond rating.

The Zero Coupon Bond for Delta Brac Housing Finance Corporation Ltd. (From here on referred to as 'DBH' or 'the FI'), is rated lower than DBH's standalone rating, because the bonds are junior in right of payment to its obligations to Senior Creditors.

The ratings reflect the strengths of the FI which is backed by good corporate governance, experienced management, good credit risk management procedure, lowest Non-Performing Loan (NPL) in the NBFi industry indicating good quality of assets, good retail clientele base, strong capital base, pioneer in the home loan finance and prominent board of directors having long tenure experiences in the diversified fields. However, ECRL is concerned about the FI's sole concentration in housing finance indicating lack of diversification; the economic downturn caused by the pandemic, declining credit growth, shortfall in short term and long term maturity buckets and competition from commercial banks/NBFIs. **The rating was assigned on the basis of draft information memorandum, draft agreements between the issuer, trustee and mandated lead arranger provided by the entity in discussion and the rating may significantly change if the covenants in those agreements are altered.**

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Managing Director & CEO
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Md. Moniruzzaman
Managing Director
DLC Investments Limited



The feature of the Issue is a non-convertible zero coupon bonds where UCB Investment Limited Limited is acting as the mandated lead arranger and IDLC Investments Limited is performing as the Trustee. The FI has intended to issue the Non-Convertible Zero Coupon Bond to meet the growing demand for liquidity in the form of business loans on a continuous basis and to facilitate the other financing requirements of its business endeavor. Such issuance will not only generate liquidity to meet financing requirements but also elevate the FI's overall credit portfolio. The issue will also help the issuer to mitigate the assets-liabilities mismatch leading to better maturity and interest rate risk management. The total face value of the bond is up to BDT 3,000.00 million and the proceeds will be raised in multiple tranches. The rate of return of the bond is expected to be within the range 6.00% p.a. depending on the market condition and will be fixed by management upon consideration of the market scenario at the time of issuance. The redemption of the zero coupon bond of DBH will start from the end of the 6th month after issuance and will continue semi-annually over the course of 4 years in 8 strips.

The whole financial industry has been facing many challenges like slow growth of credit, interest cap, excess liquidity, gloomy business performances due to the pandemic, recovery of loans and advance throughout the year 2020. Moreover, second wave of the COVID-19 pandemic situation might further jeopardize the overall economic and business environment in the country like previous year. With a view to facilitating the existing business environment and aligning with the macroeconomic cycle Bangladesh Bank relaxed the loan classification and provisioning rules for the year 2020 (Jan-Dec) and for the quarter April to June 2021 to facilitate businesses of the country and to encourage participation of the banks/NBFIs in disbursing loans to affected business under the stimulus packages.

With all the obstacles/challenges experienced by the whole industry, DBH's asset book dipped slightly by 1.14% to stand at BDT 58,607.02 million in FY2020. The FI's key strategy was to concentrate to retain its pre-pandemic business position to keep its resilience to tackle the COVID-19 pandemic situation rather than to focus on strengthening its asset book growth. However, gross loans which is historically a significant component of the overall assets base occupying 72.94% in FY2020, a moderate reduction from 75.10% in FY2019, witnessed a moderate fall by 3.98% in FY2020 in comparison to the previous year and finally stood at BDT 42,750.38 million in FY2020 as the FI maintained a cautious lending policy to disburse fresh loans during the economic uncertainty resulted from COVID-19 pandemic till the second quarter of 2020, which is evident through falling of loan disbursement during first half year of 2020 by 56.00%, compared to the same period of the previous year. However, both the indicators got their momentum in the last two quarters of 2020, experiencing an 11.00% growth in the loan book in Q4 compared to the same period of the previous year to represent a turnaround in lending performance. Moreover, the FI disbursed BDT 7,028.00 million worth of fresh loans in FY2020 which was 30.00% less than the previous year's disbursement. However, 65.00% of the total disbursement took place in the second half of 2020 which is just 1.50% less than the same period of the previous year indicating that the mobilization of lending activities has gradually been about-turning. The loan book experienced a slight rise by 1.86% in the first quarter of FY2021, to reach BDT 43,544.42 million. Along with increase in the loan and lease portfolio, total asset also rose by 7.86% to BDT 63,212.38 million during that quarter.

As DBH is specialist in housing finance; hence DBH's loan portfolio's performance mainly depends on the performance of real estate industry. Real estate industry saw a 9% growth in 2019 but while the pandemic began in 2020, the industry faced massive difficulties. However, the industry got its momentum from the last quarter of 2020 with 10.00-15.00% growth attained by the top players of the industry in last six months of 2020 as the Govt. took some policies and extended facilities which was evident by the industry players monthly availed loan standing at BDT 5,000.00 million in the second half of 2020.

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Delta Brac Housing Finance



The Non-Performing Loan (NPL) also shrank by BDT 27.52 million or 13.65% to BDT 174.09 million due to mainly collection regularization of accounts, and halting of downward classification of the loans directed by the central bank amidst the COVID-19 outbreak during the year 2020. As a result, the NPL ratio of the FI reduced to 0.41% in FY2020 from 0.45% in FY2019, representing the lowest NPL ratio (Industry's average NPL ratio: 8.88% as of September 30, 2020) in the NBFi industry and also indicating superior level of quality of assets. However, the real picture of NPL did not reflect in the latest financial statements as the FI did not change classification status of loans as per Bangladesh Bank (BB) instruction not to classify loans in the year 2020 (Jan to Dec) due to the ongoing covid-19 pandemic. In line with this, the FI permitted the payment deferral facilities as per the guideline of BB. Therefore, the real impact of the COVID-19 on the loan portfolio of the FI can be evaluated after the proper assessment/calculation of payment deferral facility is elevated. Moreover, in April 2021, the central Bank of Bangladesh issued a circular not to classify the loans and advances which fell into classified status based on March due installments, till June 2021 as the countrywide lockdown imposed by the Govt. is going on to reduce the second wave of the COVID-19 infection. Such directive might impact on the FI's real loan classification scenario along with its revenue generation from loans and advances. In line with this, the fresh NPL of the FI totaled BDT 2.31 million against 20 accounts as of March 31, 2021 while there was no fresh NPL in FY2020.

The whole financial sector especially NBFIs were experiencing a highly uncertain liquidity environment during the second quarter of 2020 due to the pandemic, DBH showed its strong resilience during this time by maintaining the loan to fund ratio of 76.57% indicating well below the regulatory limit of 95.00% thanks to increased collections and improved deposit mobilization which eventually developed the overall liquidity condition in the market in the second half of the year. However, DBH's deposit base has improved gradually over the years but witnessed too lower growth rate both in FY2020 and in FY2019 compared to other years. However, DBH managed to retain/renew its deposit base's around 85% in FY2020 indicating sustainable deposit base. In FY2020, FI's total deposit base increased merely by 96 basis points as opposed to an increase of 21 basis points in FY2019 resulting in the loan to deposit ratio decreased to 97.54% in FY2020 from 102.56% in FY2019.

DBH has been maintaining a good capital base in line with the requirement set by Bangladesh Bank under the Prudential Guidelines on Capital Adequacy and Market Discipline for Financial Institutions (CAMD) in the periods under review. However, the Capital Adequacy Ratio (CAR) of the FI increased to 24.22% in FY2020 from 21.92% in the prior year due to mainly the issuance of bonus share, representing well above the regulatory ceiling of minimum capital requirement of 10.00% of total risk-weighted assets.

Moreover, the imposed interest cap for banks (Maximum deposit rate of 6% & lending rate of 9%) eventually tightened the FI's interest spread in line with banks to keep the market competitiveness throughout the year 2020, along with relatively less lending opportunity till the second quarter of 2020 due to the pandemic which was evident in the FI's interest income reduction in FY2020. Hence, during the year 2020, the interest income of the FI fell by 6.99% to BDT 5,908.79 million in FY2020 and interest expense also shrank by 14.74% to BDT 3,960.18 million and eventually, the net interest income of the FI soared by a good 14.09% to reach BDT 1,948.60 million owing to the efficient management of the cost of fund mainly resulting to increase in the interest spread to 3.46% in FY2020 from 2.44% in FY2019. On the other hand, income from other operating income sources fell by 14.44% in FY 2020 than the previous year. However, total operating income of the FI saw a decent 10.66% increase as opposed to a plummeted growth of 2.48% in FY2019, to reach BDT 2,148.29 million in FY2020 indicating the FI's relatively good quality of assets helped the FI experience such revenue amidst the pandemic. During the first quarter of FY2021, interest income and interest expense stood at BDT 1,292.95 million and BDT

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A. BUSINESS DESCRIPTION

A.1. Company Background

Delta Brac Housing Finance Corporation Ltd. (DBH) is a non-banking financial institution which specializes in Housing Finance in the private sector. DBH is one of the forerunner Housing Finance Institution in the private sector of the country. "To strengthen the society of the country by continually expanding home ownership" is the moto of this NBFi which basically gives the notion of aiding the loan intensity on housing through private sector financing. Under the Companies Act 1994 on May 11, 1996 DBH was incorporated as a public limited company and obtained the Certificate of Commencement of Business. The Company has also been granted license under the Financial Institutions Act 1993 on July 15, 1996. The Company went for public issue in 2008 and the shares of the Company are listed in Dhaka and Chittagong Stock Exchange in Bangladesh. The company's main focus is to provide loan for purchase of flats or houses or housing plots and improvement and extension of those along with different types of investment and financing products like term deposit scheme, cumulative deposit and so forth. Currently, the company has 11 offices (head office & ten branches) in the country with no overseas branch as on December 31, 2020.

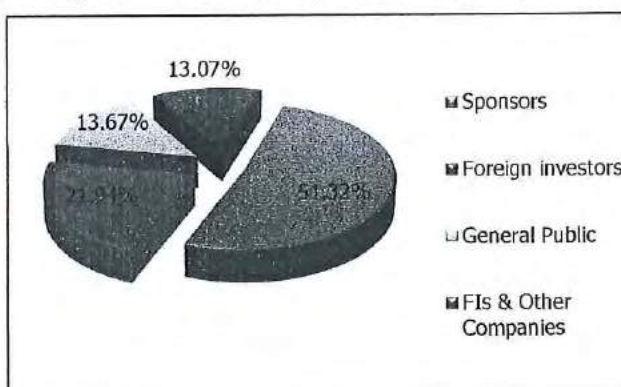
In the uncertain period of lockdown as global outbreak of COVID-19 the company was closed since March until the end of May whilst DBH has taken initiatives through Business Continuity Plan (BCP) to serve their clients from home office. In addition to this the company has vigorously espoused new technologies to promote the digitalization to accelerate the operation of the bank efficiently even in the shortfall economic scenario in this sector.

In recent years it has been observed that several mega projects are initiated which are required a large portion of financing facility. Consequently DBH has established its financing service within Dhaka along with some suburban regions of the country like- Chattogram, Cumilla and Sylhet. The company is expecting a larger regional coverage of their financing service as the connectivity of Dhaka city with other areas are increasing year on year basis.

A.2. Shareholding Structure

The shareholding position of DBH consists of four types of investors which sponsors/directors are holding 51.32% share, foreign investors holding 21.94% share, individual or general public holding 13.67% and FIs and other institutions holding 13.07% share. Sponsors & directors include BRAC, Delta Life Insurance Company Limited, Green Delta Insurance Company Limited who hold 18.39%, 17.63%, and 15.31% shares of the NBFi respectively. There are 225 institutional investors of DBH holding 20,136,611 number of shares and 7,538 general public holding 21,073,587 shares in number. Foreign investors are holding 33,824,605 number of shares which is lower than the percentage of shareholding of the company one year ago.

Figure 1: Shareholding Structure of DBH



A.3. Business Review

DBH had started its business as one of the pioneer house financing companies in the country. However, over the years it has expanded into various sectors. To maintain a sound banking environment the NBFi is always trying to keep its operating cost and NPLs to a lower level. With a view to increasing the finance exposure the company is concentrated on investing onto more potential clients without compromising the asset quality and financial budget. In the backdrop situation of COVID-19 disrupted industry the NBFi was able to retain a portfolio of housing loan of around BDT 42,614 million whilst the NPL percentage is 0.41% as on December 31, 2020 which was 0.45% as on December 31, 2019.

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A.4. Market Share

The market shares of Delta Brac Housing Finance Corporation Limited in terms of loans have been showing a slight improvement comparing to the previous year. On the other hand market share in terms of deposit has slightly fallen as on June 30, 2020. DBH's loans and deposits position was BDT 43,446.63 million and BDT 43,038.30 million respectively at the end of June 2020 whereas aggregated loans and deposits of the industry were BDT 669,540.00 million and 441,200.00 million respectively. The NBFI represents 6.49% of market share in terms of loans and 9.75% of market share in term of deposits as on June 30, 2020, compared to 6.35%% and 9.88% respectively at the end of June 30, 2019.

Figure 2: Market share: DBH Finance Corporation Limited

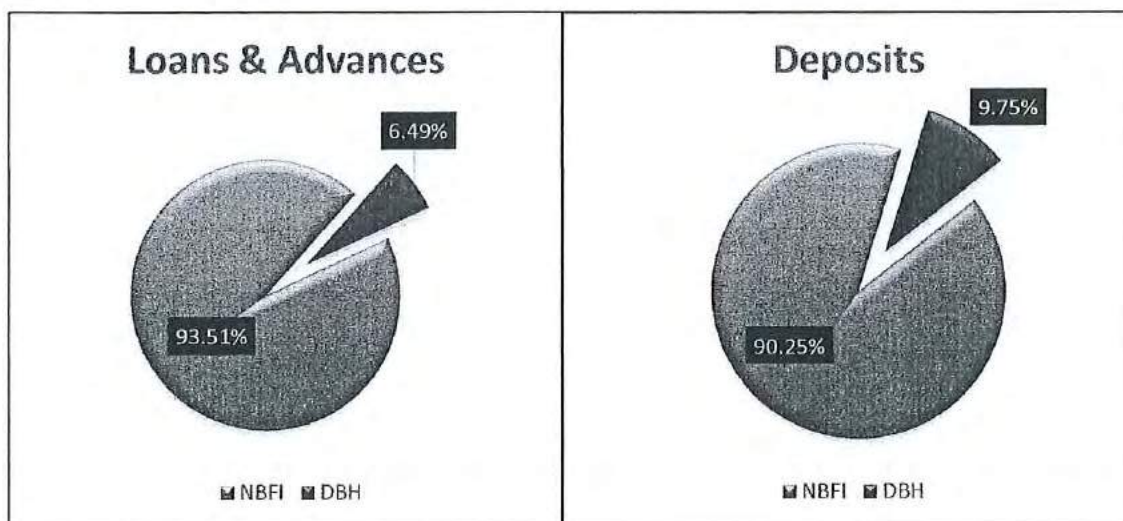


Exhibit 2: Market share: DBH Finance Corporation Limited (DBH) (BDT in Millions)

		2018	2019	2020*
NBFI	Loans & Advances	641,900.00	697,346.70	669,540.00
	Deposits	480,100.00	437,755.60	441,200.00
DBH	Loans & Advances	42,612.00	44,298.40	43,446.63
	Deposits	42,729.00	43,246.49	43,038.30
DBH (Market Share)	Loans & Advances	6.64%	6.35%	6.49%
	Deposits	8.90%	9.88%	9.75%

*As on June 30, 2020

Source: Department of Financial Institutions and Markets, BB.

A.5. Non-Convertible Zero Coupon Bond Issuance Objective

The issue is being arranged to generate liquidity to meet ongoing financing requirements for DBH's overall lending business activities. As Bangladesh has a dynamic business environment that require cost-effective housing finances. Therefore, to meet the growing demand for liquidity in the form of business loans, DBH intends to raise the funds through Zero Coupon Bond. It will also strengthen the funding base of DBH as an alternative to other sources of fund which include term deposits collected from customers, bank borrowings & others. This issuance will help the issuer to arrange long term fund in a cost effective manner and to facilitate the business of the FI leading towards business expansion particularly enriching credit portfolio and providing supportive cushion to the existing funding base.

Although the deposit basket for DBH has been growing over the past few years, non-convertible zero coupon bond will be treated as an alternate source of fund. Moreover, there is an interest rate cap for lending loans and taking deposits at 9% and 6%, respectively for the banking industry which came into effect from April 01, 2020 the circulation issued by the central bank of Bangladesh. In line with this, due to competitiveness of market interest, the NBFI industry has to maintain this cap to a large extent which eventually led the NBFI industry to reduce its lending rate and deposit rate in recent

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years. In real terms, the cost of deposit fund rate is usually high than the said rate including other miscellaneous cost. On the other hand, the issue cost of zero coupon bond rates will be cost effective as the offered rate of return might be the lowest in future years which might sustain for the next couple of years. The proposed fund will give enough cushion in terms of flexibility of funding requirements and liquidity strength in terms of mitigating the maturity mismatch of balance sheet to DBH to expand its operations and maintain successive growth of its housing business.

A.6. Structure of the Issue and Terms

The Non-Convertible Zero Coupon Bond up to BDT 3,000.00 million in face value will be raised in multiple tranche after receiving approval from relevant authorities.

Exhibit 3: Structure of Non-Convertible Zero Coupon Bond and Terms

Issuer:	Delta Brac Housing Finance Corporation Limited (DBH)
The Issue:	BDT 3,000.00 Million Non-Convertible Zero Coupon Bond
Mandated Lead Arranger:	UCB Investment Limited ("UCBIL") and also referred to as the "Mandated Lead Arranger" or the "MLA"
Arrangement Basis:	Best Efforts / Strictly Non Underwritten
Purpose:	To generate liquidity to meet ongoing financing requirements
Investors:	Local Financial institutions, Insurance Companies, Corporates, High Net Worth Individuals
Currency:	Bangladeshi Taka (BDT)
Face Value:	Up to BDT 3,000,000,000
Denomination:	Denomination of each lot of Bond is indicated at BDT 4,000,000 Face Value or as agreed amongst MLA and Issuer
Mode of Placement:	Private Placement
Discount Rate:	Based on the present market conditions, the indicative Discount Rate is expected to be within the range of 6.00% p.a. Final Discount Rate to be determined before launching of the IM with prior agreement among Issuer and UCBIL and subject to necessary regulatory approvals.
Redemption:	Will be structured in a way so the issue redeemed in 8 equal instalments starting from the end of the 6th month from the issue date and each 6-months thereafter
ZCB Strips for Each Bond:	To be redeemed in 8 Installments starting from end of 6 th month from the issue date and each 6 months from thereafter
Maturity:	From 6 months and up to 4 years from the Issue Date
Transferability/ Liquidity:	Freely transferable subject to the terms and conditions of the Bond documents.
Prepayment, Call, Refunding, Conversion Features:	Being Zero Coupon Bond the issue cannot be prepaid or refunded; there is no conversion features in the bond
Security:	Unsecured
Form:	Registered
Credit Rating of the Issuer	Long term-AAA Short Term-ST-1 Name of Credit Rating Agency: Emerging Credit Rating Limited
Trustee:	IDLC Investments Limited
Transfer Agent:	IDLC Investments Limited
Paying Agent:	IDLC Investments Limited
Registrar:	IDLC Investments Limited
Late Redemption:	Incremental charge at the rate of 2.00% per annum payable by the

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	Issuer to the Bondholders above the amount to be paid by the Issuer to the Bondholders on the Redemption Date for failure of the Issuer to make payment to the Bondholders on the Redemption Date
Tax Features:	Taxable as per laws of the country
Costs related to the Issue:	Total of Arrangement fee, "Trustee, Paying Agent, Registrar, Transfer Agent fee" (for 4 years), Bond Rating fee, & Legal Counsel Fee: BDT 9,000,000 (approx.) Application Fee to BSEC: BDT 10,000 Consent Fee to BSEC: 0.10% on the total face value
Documentation:	Customary documentation including force majeure, negative pledge, cross default and indemnity provisions
Conditions Precedent:	In form and substance satisfactory to the MLA including without limitation: (i) due diligence having been conducted and completed, (ii) documentation for the Financing and appropriate business description disclosure in the offering circular, (iii) receipt by the MLA of appropriate legal opinions from external counsel, (iv) the Issuer having obtained all relevant approvals for the Financing.
Governing Law:	The Laws of The People's Republic of Bangladesh
Credit Enhancement / Guarantee	No Credit Enhancement of Guarantee features
Enforcement Charges over Securities	At any time after the Bonds have become due and repayable, the Trustee may, at its sole discretion and without further notice in writing, take such proceedings against the Issuer as it may think fit to enforce repayment of the Bonds and to enforce the provisions of the Trust Deed, but it will not be bound to take any such proceedings unless (a) it shall have been so requested in writing by the holders of not less than 662/3 per cent in principal amount of the Bonds then outstanding or shall have been so directed by an Extraordinary Resolution of the Bondholders and (b) it shall have been indemnified and/or secured to its satisfaction. No Bondholder will be entitled to proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable period and such failure shall be continuing.

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A.7. Subscribers

The tentative redemption of the Zero Coupon Bond of DBH will start from the end of the 6th month after issuance. Thereafter, the redemption will be made semi-annually over the course of 4 years in 8 strips. Following is the repayment schedule of both the tranches of the bond put together and assuming an indicative Discount Rate is expected to be within the range of 6.00% p.a. based on the present market condition.

Exhibit 4: Repayment schedule of the Non-Convertible Zero Coupon Bond of DBH

Tentative Repayment Schedule of Zero Coupon Bond (Grand Total)				
Amount in BDT				
Strips	Maturity in Months	No. of Bonds Issued	Total Issue	Face Value of Issue
1	6	750.00	364,077,675.00	375,000,000.00
2	12	750.00	353,473,470.00	375,000,000.00
3	18	750.00	343,178,122.50	375,000,000.00
4	24	750.00	333,182,647.50	375,000,000.00
5	30	750.00	323,478,300.00	375,000,000.00
6	36	750.00	314,056,597.50	375,000,000.00
7	42	750.00	304,909,320.00	375,000,000.00
8	48	750.00	296,028,465.00	375,000,000.00
Grand Total		6,000.00	2,632,384,597.50	3,000,000,000.00

B. FINANCIAL RISK ANALYSIS

The financial analysis process was based on both quantitative and qualitative aspects of the institution mostly are based on the company's policies in relation with the operating strategies, asset quality, composition and trend, fund management, capital adequacy, liquidity management, risk management and ultimate financial goals of the firms. For the purpose of the overall financial risk assessment of the business has been analyzed thoroughly and followed strict evaluation process in the aforementioned sections. Detailed analysis is presented below.

B.1. Capital Adequacy

Exhibit 5: Selected Indicators of DBH

FYE: 31 st December	2020	2019	2018	2017
Tier-I Capital (BDT Million)	6,431.46	5,808.60	5,039.98	4,357.64
Total Capital (BDT Million)	6,732.31	6,114.36	5,351.58	4,654.46
Risk Weighted Assets (BDT Million)	27,799.01	27,897.31	28,321.10	27,130.19
Tier-I Ratio (%)	23.14	20.82	17.80	16.06
Capital Adequacy Ratio (%)	24.22	21.92	18.90	17.16

FY2017-FY2020 data extracted from Audited Financial Statements, year ended 31 December.

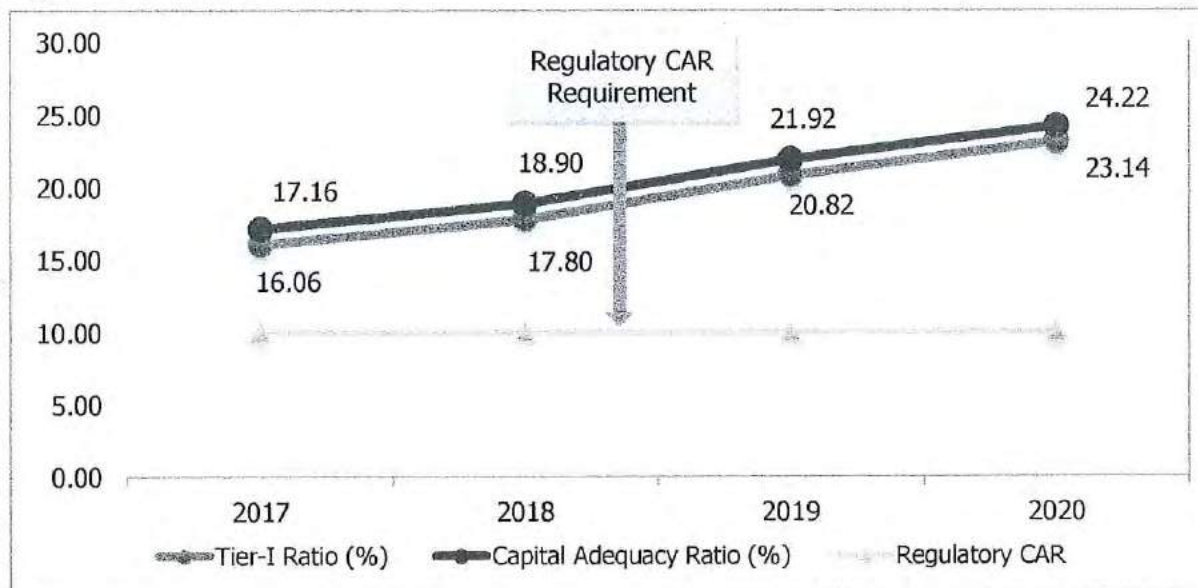
The FI has been maintaining satisfactory level of capital adequacy position in line with requirement under risk based capital adequacy framework of BASEL-II. In line with this, total risk weighted assets (RWA) of the NBFI slightly dropped to BDT 27,799.01 million in FY2020 with a contraction rate of 0.35% compared to the previous de-growth rate of 1.50% in FY2019, depicting that the FI's risk profile improved to some extent in the assessment period.

The Tier-I or core capital of the FI has experienced a moderate growth rate of 10.72% which was slightly lower than the growth rate of 15.25% in FY2019. On the other hand, total capital of the FI registered a 15.35% growth to stand at BDT 6,431.46 million in FY2020 which was BDT 5,808.60 million in FY2019. Moreover, in comparison with FY2019 FI's total capital base experienced a 10.11% growth rate during FY2020 where Tier-I capital rose by 10.72% to BDT 6,431.46 million and Tier-II capital dwindled by 1.60% to BDT 300.86 million in FY2020. The prime reason for the increase in capital base was 15% rose in paid up capital due to 15% stock dividend announced in FY2020. Moreover, 10.75% rise in general reserve and 5.17% upsurge in retained earnings also contributed to achieve the growth in capital base.



As mentioned earlier, total capital of the bank rose by 10.11% in FY2020 while the RWA experienced a fall by 0.35% in the stipulated period which resulted a further higher Capital Adequacy Ratio compared to prior year and stood at 24.22% in FY2020 (FY2019:21.92%); which is way above the minimum capital requirement (10% of RWA). Moreover, the management of DBH is always trying to focus to maintain an optimum level of their risk mitigated portfolio both in efficient and effective manner.

Figure 3: Selected Indicators



B.2. Asset Composition & Trends

Exhibit 6: Selected Indicators of DBH

FY 31 December	2020	2019	2018	2017
Total Asset (BDT Million)	58,607.02	59,279.93	57,498.98	54,580.85
Asset Growth (%)	(1.14)	3.10	5.35	17.45
Gross Loans (BDT Million)	42,750.38	44,521.89	43,847.70	42,243.35
Gross Loans Growth (%)	(3.98)	1.54	3.80	17.87
Investments (BDT Million)	489.02	462.11	607.82	643.03
Investments Growth (%)	5.82	(23.97)	(5.48)	45.73
NPLs (BDT Million)	174.09	201.61	132.77	115.01
NPLs Growth (%)	(13.65)	51.85	15.45	(11.52)
Gross Loans to Total Assets (%)	72.94	75.14	76.26	77.40
NPL Ratio (%)	0.41	0.45	0.30	0.27
Net NPL Ratio (%)	(2.00)	(1.31)	(1.91)	(2.38)
Loan Loss Reserve Coverage (%)	545.44	361.04	684.29	917.15
NPLs to Equity & Loan Loss Reserve (%)	2.36	3.08	2.23	2.12

FY2017-FY2020 data extracted from Audited Financial Statements, year ended 31 December.

The asset base of the DBH has been witnessing a declining trend over the periods under review and particularly in FY2020 the asset book of the FI experienced a fall by 1.14% to BDT 58,607.02 million in FY2020 as opposed to the growth of 3.05% in previous financial year. In FY2020 the asset book of the FI experienced such fall due mainly to 3.98% shrinkage in the major component of the asset book loan and lease portfolio. The gross loan, the key component of the total assets, occupied 72.94% of the total assets in FY2020 followed by Balance with other banks and financial institutions (24.47% of total assets), other assets (0.28% of total assets), Investment (0.83% of total assets) and the rest of the portion of total assets includes cash and fixed assets.

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B.2.1. Asset Quality

Like other FIs the gross loan portfolio, historically being the most significant portion of overall assets of DBH; has experienced a slight fall by BDT 1,771.51 million or 3.98% in FY2020 in comparison with previous year and reached to BDT 42,750.38 million in FY2020 as the FI maintained a cautious lending policy to disburse fresh loans during the economic uncertainty resulted from COVID-19 pandemic till the second quarter of 2020, which is evident through falling of loan disbursement during first half year of 2020 by 56%, compared to the same period of the previous year. The credit portfolio experienced 11% growth in FY2020 Q4 compared to the same period of the previous year representing a turnaround in lending performance. Moreover, the FI disbursed BDT 7,028.00 million fresh loans in FY2020 which was 30% less than the previous year's disbursement. However, 66% of the total disbursement took place in the second half of 2020 which was 1.50% less than the same period of the previous year indicating that the mobilization of lending activities has gradually been about-turning as the economies rebounding.

The overall banking and NBFIs industry of Bangladesh has been facing a number of potential problems as the appetite for investment among the investors squeezed and loan disbursement by FI was halted amid the nationwide shutdown period therefore private sector credit growth further fall down to 8.37% (as on December, 2020) which broke down the previous year decade lowest record of 9.83%. Against the backdrop of the COVID-19 pandemic, the government of Bangladesh and BB undertook a series of timely and appropriate initiatives such as stimulus packages of more than BDT 1.21 trillion, policy relaxations, low cost refinance schemes, etc.

DBH is specialized in housing finance; as a result almost 100% of the FI's loans & advances portfolio was contributed by housing loan (99.68% of total loan portfolio) and the performance of the loan and advance portfolio is mostly depends on the performance on the real estate sector. Real estate industry saw a 9% growth in 2019 but while the pandemic began in 2020, the industry faced massive difficulties. However, the industry got its momentum from the last quarter of 2020 with 10-15% growth attained by the top players of the industry in last six months of 2020 as the Govt. took some policies and extended facilities which was evident by the industry players monthly availed loan standing at BDT 5,000.00 million in the second half of 2020.

In line with the fall in loan portfolio of the FI, the Non-Performing Loan (NPL) also shrank by BDT 27.45 million or 13.65% to BDT 174.09 million due to mainly collection regularization of accounts, and halting of downward classification of the loans directed by the central bank amidst the COVID-19 outbreak during the year 2020. As a result, the NPL ratio of the FI reduced to 0.41% in FY2020 from 0.45% in FY2019, representing the lowest NPL ratio (Industry's average NPL ratio: 8.88% as of September 30, 2020) in the whole banking and NBFIs industry and also indicating superior level of asset quality. However, the real picture of NPL did not reflect in the latest financial statements as the FI did not change classification status of loans as per Bangladesh Bank (BB) instruction not to classify loans in the year 2020 (Jan to Dec) due to the ongoing covid-19 pandemic. In lieu with this, the FI permitted the payment deferral facilities as per the guideline of BB. Therefore, the real impact of the COVID-19 on the loan portfolio of the FI can be evaluated after the proper assessment/calculation of payment deferral facility is elevated. Moreover, in April 2021, the central Bank of Bangladesh issued a circular not to classify the loans and advances which fell into classified status based on March due installments, till June 2021 as the countrywide lockdown imposed by the Govt. is going on to reduce the second wave of the COVID-19 infection. Such directive might impact on the FI's real loan classification scenario along with its revenue generation from loans and advances. In line with this, the fresh NPL of the FI totaled BDT 2.31 million against 20 accounts as of March 31, 2020 while there was no fresh NPL in FY2020. ECRL observed that the loan book continued to rise in first quarter of FY2021, during the period credit portfolio rose by 1.86% to BDT 43,544.42 million. Along with the loan and lease portfolio, total asset also rose by 7.86% to BDT 63,212.38 million during that quarter.

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DBH Zero Coupon Bond

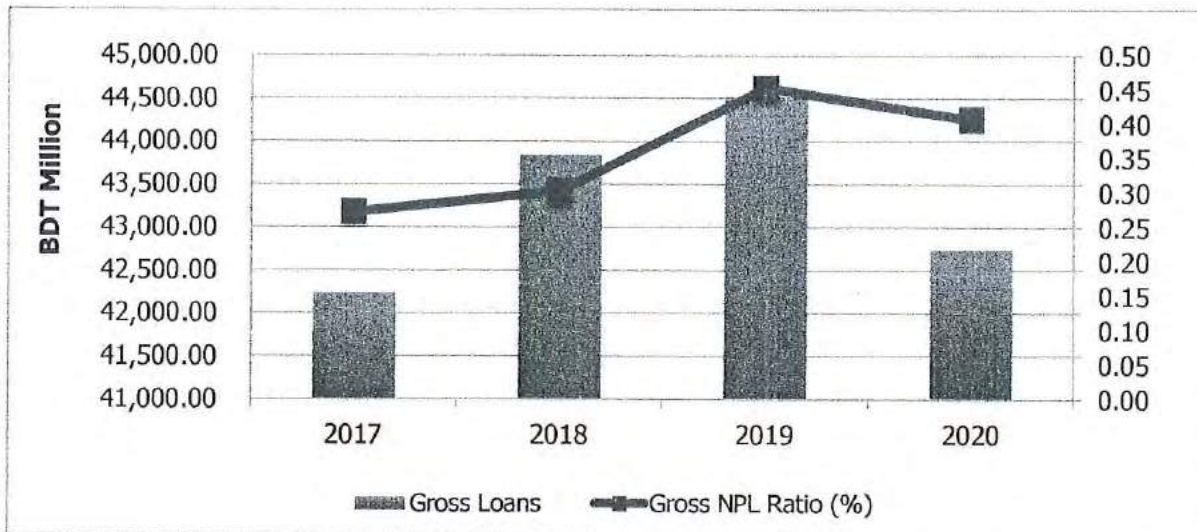
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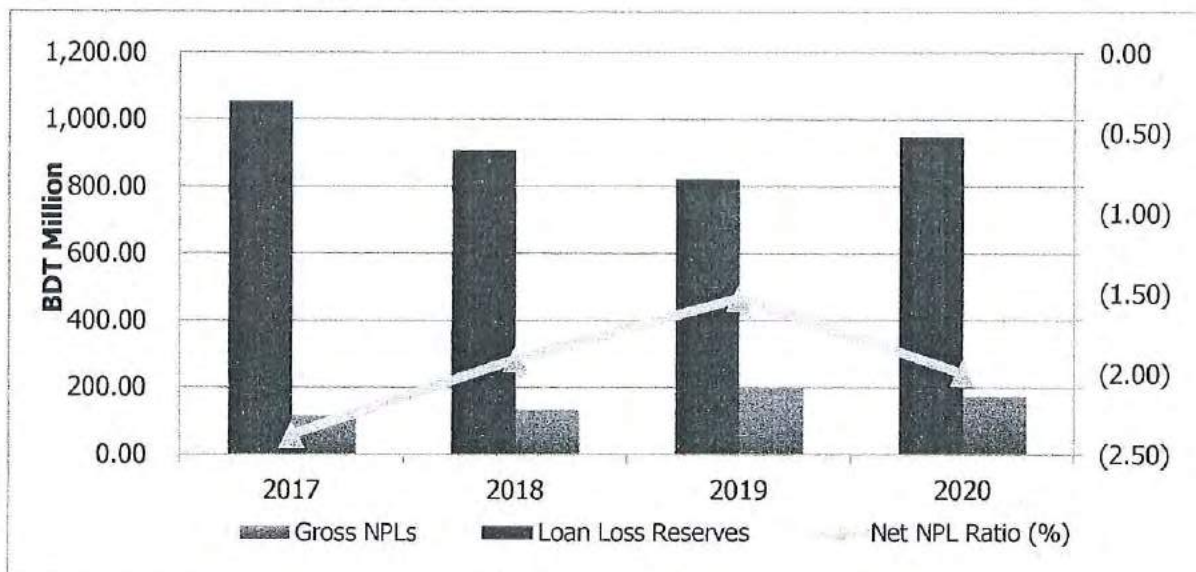


Figure 4: Selected Indicators of DBH



While analyzing the loan portfolio status, it has been observed that significant portion of the NPLs of DBH were concentrated in bad/loss status which made up 82.81% of the total NPLs, followed by 11.97% in doubtful arena and 5.22% in sub-standard region. Notably, in the NPL segment bad/loss loan concentration increased slightly in FY2020 even though the bad/loss loan decreased by 0.17% in FY2020; also the concentration decreased in sub-standard and doubtful region. It is worthwhile to mention that, out of total bad/loss loan 55.23% loan was in bad/loss for more than two years and in terms of total gross NPL it was 45.74% of total NPL in FY2020.

Figure 5: Selected Indicators of DBH



The net NPL ratio of the FI's stood negative in all reported years. Thus exhibiting that the FI had increased its loan loss reserve against the non-performing loan and advances along with a significant amount in interest suspense account resulting in a net NPL negative during these periods which ultimately made up the FI's net NPL ratio turned negative in FY2020 indicated that DBH had kept sufficient caution to protect its loans and advances for any adverse movements of the respective loans and lease amount.

B.2.2. Loan Diversification and Concentration

The FI is the pioneer and specialist in housing finance institution in the private sector of the country which has been reflected through its sector wise loans & advances. In 2020, 99.68% of the loans and advances were in housing finance/ real estate which were 99.49% in a year back. After commencing operation in 1996 the company has registered commendable growth in creating home

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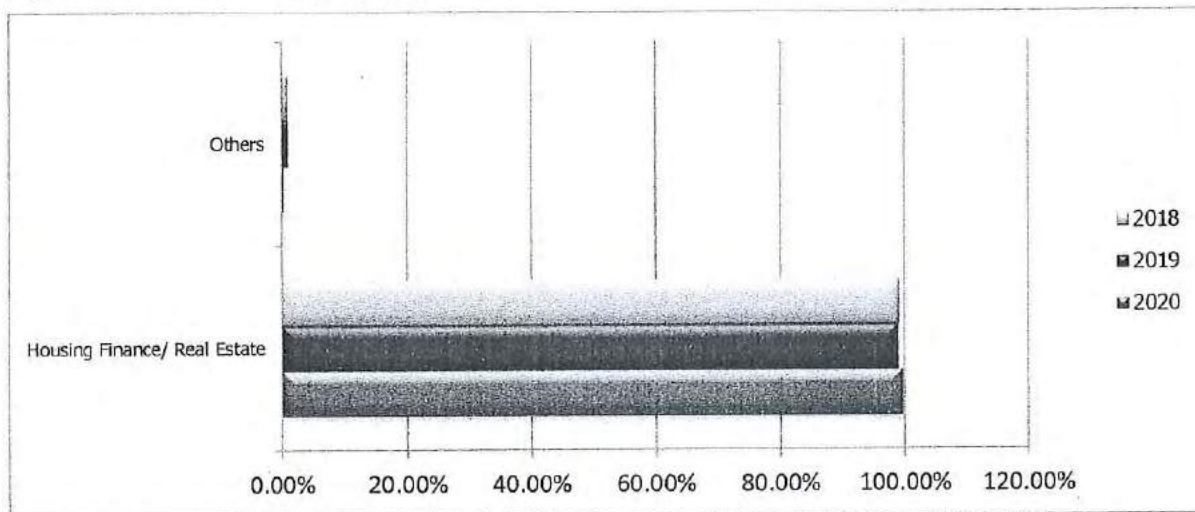


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ownership in Dhaka and other major cities of the country. However, DBH is exposed to lack of diversification of its loan and advance products since almost 99 percent of the loan portfolio has been disbursed to housing finance/ real estate sector which may severely affect the FI when the housing industry performs badly. Moreover the FI also has very high concentration of its loans in Dhaka division as most of the real estate projects are in Dhaka indicates lack of geographical diversification. Geographical location wise 90.19% of the loan portfolio has been distributed in Dhaka whereas 5.29%, 2.94%, 0.54% and 0.81% have been distributed in Chattogram, Gazipur, Sylhet and Cumilla respectively in the financial year 2020.

Figure 6: Sector-wise loans & leases of DBH



B.2.3. Rescheduled and Written-off Loans

As mentioned earlier the FI has been maintaining superior quality in terms of loans and advances with lowest NPL ratio. However, the concentration of bad debt/loss increased in FY2020 as opposed to the previous year but only 3 accounts outstanding amount of BDT 27.39 million was rescheduled in FY2020. However, there were no more rescheduled loans after FY2014-15 till the financial year 2019. Moreover, there was no written off amount in last three years (FY2017, FY2018 and FY2019).

The rescheduled loan represented 0.06% of the FI's loan book at the end of FY2020. Also the NPLs and rescheduled loans together represented 0.47% of the credit portfolio of the FI.

B.2.4. Large Loan Exposure

Top 20 loans and leases occupied around 2.06% of total gross loans and advances in FY2020, a rise from concentration of 2.02% of total loans and advances portfolio in FY2019. On the other hand, top 10 loans covered the total credit portfolio's 1.19% (FY2019: 1.16%) in FY2020 and top 5 loans and leases contributed 0.69% (FY2019:0.69%) to total loans during the period. This indicates that the FI was successful to distribute its loan and lease portfolio consistently not only within the largest 20 loan portfolio. The largest exposure of the FI amounted to BDT 82.14 million at the end of FY2020 which was 0.19% of the total gross credit portfolio of the FI and 1.22% of the total capital of DBH representing that the largest exposure was not in the ceiling range of the single party exposure limit set by the Bangladesh Bank (15% of the total capital). The second and third largest loans represented 0.88% and 0.80% of the total capital of the FI. None of the outstanding loans exceeded the regulatory ceiling, i.e. 15.0% of total capital, at the end of FY2020. Moreover, compared to previous year, the concentration of large loans in the loan portfolio of the FI has marginally increased.

B.2.5. Off-Balance Sheet Exposure

Total off-balance sheet exposure of the FI reached BDT 632.26 million in FY2020 experiencing a growth of 33.90%. DBH's off balance sheet items consists 8.55% of contingent liabilities and 91.45% of other commitments. The off-balance sheet was 1.08% of the total assets of FY2020 which was 0.80% in FY2019.

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B.3. Funding and Liquidity

Exhibit 7: Selected Indicators of DBH

FY 31 December	2020	2019	2018	2017
Deposit (BDT Million)	43,826.87	43,411.28	43,318.72	41,187.89
Deposit Growth (%)	0.96	0.21	5.17	19.75
Loan to Deposit (%)	97.54	102.56	101.22	102.56
Net Loans to Stable Funding Base (%)	83.54	89.32	89.02	90.68
Net Loans to Customer Deposits (%)	95.25	100.78	99.02	99.91
Deposits to Total Funding (%)	74.78	73.27	75.34	75.46
Interbank Liabilities to Total Funding (%)	9.51	11.90	10.58	11.94

FY2017-FY2020 data extracted from Audited Financial Statements, year ended 31 December.

B.3.1. Fund Management

Fund management is one of the crucial parameters for a financial institution to judge the performance of that particular financial institution. In such regard, DBH has managed to build a sustainable funding base over the years despite growing distrust, series of scams in the whole banking and NBFi industry in recent years and the economic crisis amidst COVID-19. However, the plunge in the deposit rate in the banking sector and availability of comparatively better deposit rates in NBFis increased the amount of deposits in the country's NBFis. The above mentioned factors impacted the FI's total funding base consequently DBH's total funding base witnessed a slight decline of 1.14% in FY2020 compared to the growth of 3.10% in the previous financial year, subsequently standing at BDT 58,607.02 million in FY2020. It has observed that, the growth rate of total funding base has been showing a downward trend over the review periods. The total fund of the FI consists of 74.78% of term deposits, 10.97% of shareholder's equity, 9.51% of interbank liabilities and the remaining 4.74% derived from other liabilities.

During the year interbank liabilities and other liabilities fallen by 20.99% and 7.68% in FY2020 respectively which has mainly lead to decrease the total funding base in FY2020. Despite the growth in NBFi sector, the deposit base of the FI edged up by 96 basis points in FY2020 than that of previous year and total deposit of the FI stood at BDT 43,826.87 million (FY2019: BDT 43,411.28 million). Deposit growth was significantly lower in last two (FY2020 and FY2019) years compared to previous two years (FY2018 and FY2017). During the year the FI mobilize BDT 93,372.24 million deposits on the other hand made repayment of BDT 92,956.65 million. The deposit mix of the FI is fully dominated only by fixed deposits over the years. In the period under review, 41.10% of the total deposits were collected from other institutions, 42.16% from individual depositors, 14.95% from banks with the remaining 1.79% accumulated from the Government.

As discussed earlier, the total funding base of the FI witnessed a marginal decline of 1.14% in FY2020, mainly due to the fall in the interbank liabilities which experienced a 20.99% decline from the previous financial year, stood at BDT 5,571.06 million, thereby resulting in a reduction in the interbank liabilities to total funding ratio to 9.51% in FY2020 (FY2019: 11.89%). The decline in the ratio portrayed that the FI was less dependent on interbank borrowings during FY2020.

In line with the contraction in the gross loans due to lower loan disbursement and reduction in investment appetite the net loans also declined by 4.38% and stood at BDT 41,743.15 million. Although the net loans of the FI decreased in FY2020, there was a 2.10% upsurge in the stable funding base of the FI resulted in net loans to stable funding ratio falling moderately to 83.54% in FY2020 compared to 89.32% in FY2019, demonstrating a moderate decrease in the utilization of a stable funding base. As previously mentioned, the customer deposit of the FI experienced minimal growth in FY2020 as opposed to the decline in the net loans of the FI, resulted in a net loan to customer deposits to plunge from 100.78% in FY2019 to 95.25% in FY2020.


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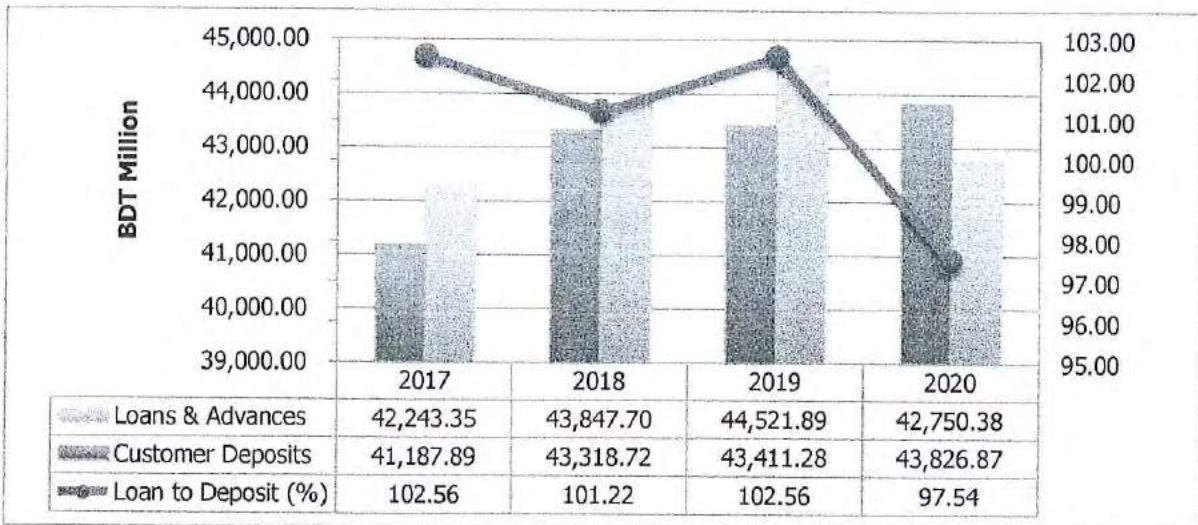
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Figure 7: Selected Indicators of DBH



B.3.2. Liquidity Management

As per new regulations amid the coronavirus pandemic, DBH has to maintain a cash reserve ratio (CRR) of 1.5% on its total term deposits, statutory liquidity reserve (SLR) of 5% (inclusive of CRR) on its total liabilities. At the end of FY2020, the FI has reported a surplus of BDT 22.37 million (FY2019: 28.88) and BDT 12,775.03 million (FY2019: 11,953.97) against the CRR and the SLR requirements respectively.

The maturity-based asset and liability profile of DBH depicts that the assets and the liabilities of the bank are suitably distributed over different time horizons. The FI had a net liquidity surplus on all of the brackets of the table except 3-12 months bucket and above 5 years bucket. DBH has a notable liquidity deficit of BDT 14,037.59 million in the bucket above 5 years and also liquidity deficit of BDT 2,665.52 million in 3-12 months bucket, thereby implying a mismatch in the assets and liability in the short term and long term. On the other hand, there is no net liquidity gap when taking the cumulative liquidity into account, with BDT 6,431.46 million observes as the cumulative net liquidity surplus as of December 31, 2020, thus indicating that the bank has the excess liquidity to manage its position in case of distressed or emergency liquidity situations.

B.4. Earning Trends and Profitability

Exhibit 8: Selected Indicators of DBH

FY 31 December	2020	2019	2018	2017
Net Interest Income (BDT Million)	1,948.60	1,707.92	1,792.78	1,605.80
Net Interest Income Growth (%)	14.09	(4.73)	11.64	3.03*
Non-Interest Income (BDT Million)	199.69	233.40	203.26	212.08
Non-Interest Income Growth (%)	(14.44)	14.83	(4.16)	0.60*
Pre-Provision Profit (BDT Million)	1,624.87	1,417.66	1,500.66	1,368.70
Pre-Tax Profit (BDT Million)	1,498.16	1,554.87	1,606.54	1,492.48
Post-Tax Profit (BDT Million)	890.93	1,073.25	1,047.90	949.00
Post - Tax ROAE (%)	14.56	19.79	22.30	23.88
Average Interest Spread (%)	3.46	2.44	2.94	2.35
Net Interest Margin (%)	3.40	3.04	3.34	3.30
Cost to Income Ratio (%)	24.36	26.97	24.82	24.71

FY2017-FY2020 data extracted from Audited Financial Statements, year ended 31 December.

*Annualized growth

By analyzing the current overall economic state both of the NBFI and banking industry of Bangladesh it can be indisputably observed that the industry players are suffering from several impending problems lower private growth, bearish trend of real estate industry in the first half year of 2020 due to pandemic, lose employments, standstill of economic activity, declining deposit growth, moratorium period resulting in deferral payments of interest and increasing pressure to comply with the 9% ceiling on the lending rate and uncertain financial state due to the unstoppable pandemic. Moreover,



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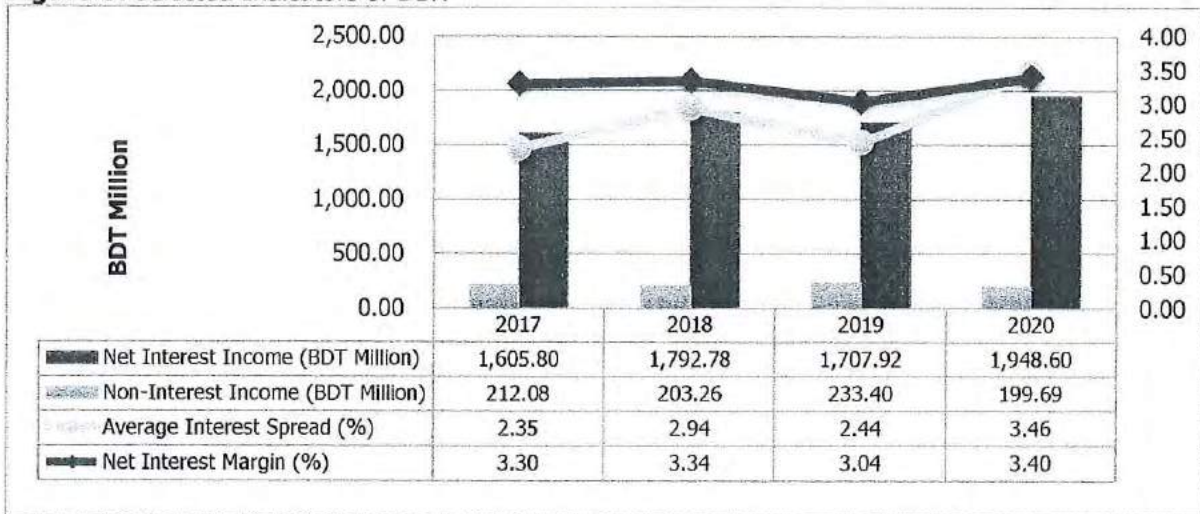


the existing price level of the apartments is still too high to afford by the middle income clients. Besides, the price hike of the construction materials amidst the price of rod and cement is further higher in the current year.

The overall revenue performance of DBH is disrupted by the economic critical factors in FY2020. In line with this, the interest income of DBH has been confronted a cutback rate of 6.99% and stood at BDT 5,908.79 million in FY2020 which was BDT 6,352.77 million propagated by the rate of 8.50% in FY2019. It happened as the weighted average interest on loan products brought down to 9.86% in FY2020 from 11.95% in FY2019. Such fall in interest rate on lending activities mainly reduced the FI's interest income. On the other hand, interest expenses also dropped by 14.74% to stand at BDT 3,960.18 million due to mainly fall in the weighted average interest rate on deposits pulled down massively to 6.40% in FY2020 from 9.43% in FY2019. As a result, the de-growth in interest on deposits surpassed the decelerated growth in interest on loans; as a result, the FI has relished a 14.09% growth in net interest income which stood at BDT 1,948.60 million in FY2020. The weighted average interest spread of NBFi sector has shrank in December, 2020 and stood at 3.07% which was 3.98% in previous year same period.

As earlier mentioned Bangladesh bank has already relaxed the loan classification till December 31, 2020 and instructed the banks and NBFi's to postpone taking interest from the clients' till then. As a result, such move from the central bank would surely hit-hard DBH's core income stream. However, to cope with the government directive regarding interest rate cap the FI moderately increased its investment in marketable securities by BDT 28.95 million. As a result DBH's investment income from marketable securities massively rose to BDT 14.00 million from loss of BDT (1.86) million in preceding year same period. However with the dropping income from the dividends by the rate of (64.76%) the overall non-interest income of the NBFi has fallen to BDT 199.69 million in FY2020 from BDT 233.40 million with the abating rate of 14.44% in FY2020 (FY2019: 14.83% growth).

Figure 8: Selected Indicators of DBH



It is noteworthy to bring the focus on the efficiency over the operating cost of DBH deduced from cost to income ratio as it is shrunken to 24.36% in FY2020 which was 26.97% in FY2019. Besides, it is the lowest ratio maintained in the stipulated year amidst the last four years whilst the management of the FI was able to keep the operating cost minimal as the total operating cost stood at BDT 523.43 million in FY2020 which was 523.66 million in FY2019 owing to no significant change in salaries & allowances which has composed the most significant proportion of operating expenses over the years.

The FI taken more prudent and conservative measure to protect from any anticipated and unintended loan shocks amidst the uncertain situation resulted from COVID-19 as a result the DBH kept additional provision in line with the international best practices which is well above than the required provision as per the regulatory requirement. Such high level provision cushion for its credit portfolio consequently increased the provision expenses by a massive 192.35% in FY2020 as opposed to the previous year and a 26.08% increase in tax expenses in FY2020 compared to the previous financial year, the profit after tax of DBH eventually saw a drop by BDT 182.32 million or 16.99% to BDT 890.93 million in FY2020.

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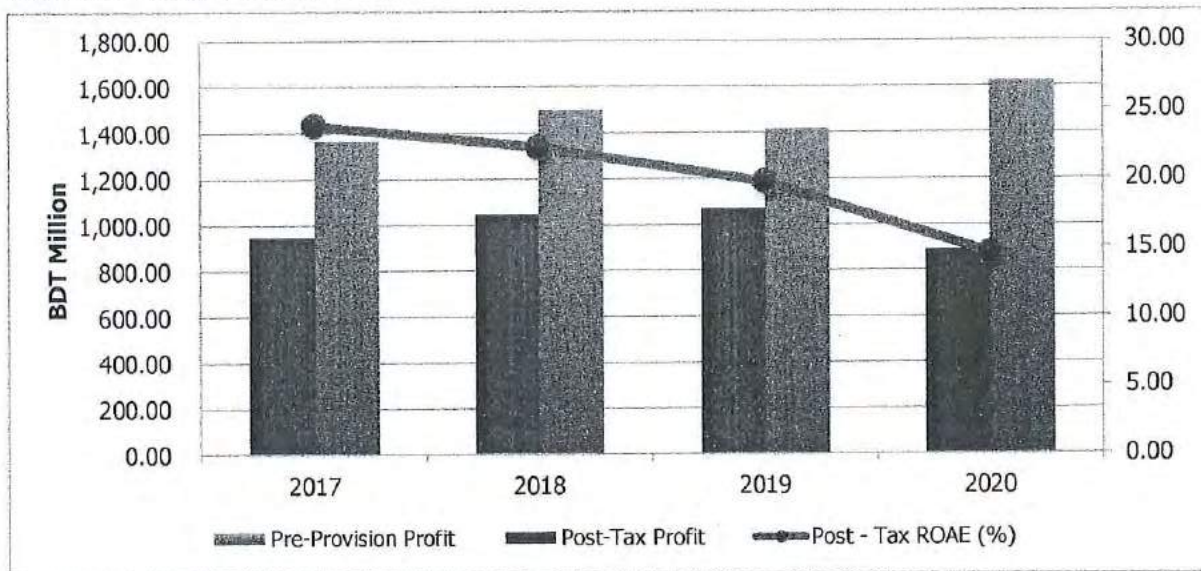


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During the year the FI recorded BDT 151.61 million as provision against loan and advances which resulted in 3.65% fall in profit before tax. Moreover, 26.08% increase in tax expenses in FY2020 eventually squeezed the profit after tax which experience a fall by BDT 182.33 million or 16.99% to BDT 890.93 million in FY2020. On the other hand, with fall in net profit during the year prompted by the increase of equity base the return on equity yielded lower return in FY2020 like the previous financial year.

Figure 9: Selected Indicators of DBH



C. MARKET RISK ANALYSIS

Market risk refers to the risk of losses in on and off-balance sheet positions arising from movements in market prices. It arises due to change in different market variables like interest rate, exchange rate, availability of liquidity with the lenders/ depositors, prices of securities in the stock exchange. But the major market risks in the financial institution industry arise due to interest rate risk, equity and commodity financing risk and foreign exchange risk.

But market risks of a Zero Coupon Bond may arise due to uncertainty related to the redemption risk, interest rate risk and pricing risk of the bond. Moreover bond by nature are exposed to many sources of risk. The term structure of the interest rate can shift and twist in different ways. Issuers may default due to sector wide problems or individual credit difficulties. However the bond market is still a new concept to the Bangladesh economy as the conventional bond market is underdeveloped.

However, the debt instrument that DBH is offering to the market is sensitive towards both market and company specific risks. All investments which offer a balance between risk and potential return are graded to be the higher rated investment. The balance between risk and return varies by the type of investment (in this case Zero Coupon Bond), the entity that issues it, the state of the economy and the cycle of the securities markets (this risk is eliminated as it will not be publically traded in secondary market).

The entity in discussion wishes to issue non-convertible zero coupon bonds for the purpose of generating liquidity to meet ongoing financing requirements. UCB Investment Limited is acting as the mandated lead arranger and will sell the bonds as best efforts & non-underwritten basis whereas IDLC Investments Limited is acting as the trustee. To evaluate the proper pricing and coupon rate structure offered for the instruments ECRL considered the following risk analysis related to the both market and instrument specific risk.

C.1. Interest Rate Risk

The rate of return to be offered by DBH is expected to be within the range of 6.00% p.a. Based on the market dynamics and scenario at the time of issuance, the final rate will be set. As per the circulation issued by the central bank of Bangladesh, there is an interest rate cap for lending loans and taking deposits at 9% and 6%, respectively for the banking industry of the country which came

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into effect from April 01, 2020. In line with this, due to competitiveness of market interest, the NBFi industry has to maintain this cap to a large extent which eventually led the NBFi industry to reduce its lending rate and deposit rate in recent years. Such move from the central bank would make such proposed bond will be cost effective for the FI in future. However, fixed rate of the bond might expose to higher interest rate in future if the market interest rate goes down than the rate to be offered by the FI. But in this regard, the offered rate of return might be the lowest in future years which might sustain for the next couple of years as a result; such fixed rate of the bond will not expose the higher interest rate in present condition. The bond is expected to be placed to local financial institutional investors, insurance companies, corporate houses, and high net worth individuals etc. due to its distinct tax benefits as per Income Tax Manual Part – 1, 6th Schedule, Part A, Clause 40(a) which states that any income derived from Zero Coupon Bond issued and subscribed by any person/institution other than Bank, Insurance or any Financial Institution with prior approval of Securities and Exchange Commission, Bangladesh is tax exempted. This specific feature makes the issue lucrative to the investors other than banks, financial institutions and insurance companies, and the lead arranger intends to approach clients with higher after tax benefit while providing a low cost of fund for DBH. Since, the bond is not intended to be publicly traded and will be distributed through private placement; the interest rate volatility of the issue is expected to be minimal.

C.2. Pricing Risk

Pricing risk in Bonds is that bond prices are inversely related to market interest rate. When market interest rate goes up bond prices goes down, and vice versa. A maturity profile of bonds also affects the bond price. There are two primary reasons why long-term bonds are subject to greater pricing risk than short term bonds. Firstly, there is greater probability that interest rates will change in the long term, thus negatively affecting a bond’s market price, within a longer time period than within a shorter time period. As a result, investors who buy long term bonds but attempt to sell them before maturity may be faced with a deeply discounted market price when they want to sell their bonds. With short term bonds, the risk is not as significant because profit rates are less likely to substantially change in the short term. Short term bonds are also easier to hold until maturity, thereby, alleviating an investor’s concern about the effect of interest rate driven changes in the price of bonds. Secondly, long term bonds have greater maturity than short term bonds. Because of this, a given interest rate change will have greater effect on long term bonds than short term bonds. However, at present condition, due to the economic depression resulting from COVID-19 and lower deposit rate cap imposed by Bangladesh Bank, potential depositors/investors is looking for such safe place from where investors might receive a good return and moreover, institutional investors such as banks, NBFIs are cautious to disburse their money as loans/ advances rather they are trying to invest their money in safe place. Such situation might make the bonds lucrative with relatively lower pricing.

C.3. Counterparty Risk

The issue under consideration has several relevant parties apart from the investor whose credentials and backgrounds add to the credit worthiness of the issue of zero coupon bond.

C.3.1. Issuer

The company will issue non-convertible zero coupon bond following laws of the people’s republic of Bangladesh, the maturity of the bond will be 4 years from issue date; the Bonds will be completely unsecured. As an entity DBH has good track record to meet all kinds of financial commitments previously on a timely manner indicating that the issuer has the capability to redeem zero coupon bonds’ principal and interest payment to its subscribers.

C.3.2. Mandated Lead Arranger

UCB Investment Limited is acting as the mandated lead arranger for the bond issuance by DBH. The UCB Investment Limited has already acted as lead arranger for issuing some bonds for other financial institutions. It will carry out the issue on a best efforts basis through private placement to financial institutions, insurance Companies, corporates, and high net worth individuals.

C.3.3. Trustee

IDLC Investments Limited is acting as the trustee to the issue who is to perform the custodial role in this regard. The trustee is expected to abide by the terms and conditions laid in the trust deed which

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covers topics ranging from specifying its duties to covenants of repayment as well as course of action in the event of default.

D. COMPANY SPECIFIC RISK ANALYSIS

Risk is an integral part of financing business and thus every financial institution is exposed to risk of different type and magnitude. So, the prime responsibility of every financial institution is to manage its risk such that its return from business can be maximized. As a prudent and responsible financial institution, the Company attaches top priority to ensuring safety and security of the finances that are being extended.

D.1. Impact of COVID-19

As conferred earlier, the pandemic would affect the FI in many aspects both in short term and long term. Among various risks, credit risk and liquidity risk likely to shake the FI mostly. The Non-performing Loan (NPL) of the FI is likely to rise in an unprecedented manner due to this pandemic. The credit worthiness of the existing borrower might be deteriorated which would undermine the possibility of repayment of investment.

The COVID-19 pandemic induced a number of regulatory measures in the financial sector. Implementation of a mandatory lockdown during the first few months of the pandemic was one of them. In the early months of the pandemic, Bangladesh Bank (BB) undertook a number of measures to ensure adequate liquidity in the financial system to support the operations of financial institutions. Accordingly, BB announced to buy treasury bonds and bills from banks ; lowered REPO rates from 6% to 5.25% effective from April 12, 2020 ; reduced Cash Reserve Ratio (CRR) from 5% to 3.50% (daily-basis) and from 5.50% to 4% (bi-weekly basis) from April 15, 2020; increased advance-deposit ratio (ADR) for all the conventional banks from 85% to 87%, effective from April 15, 2020; increased investment deposit ratio (IDR) for Islami Shariah-based banks and the conventional banks operating under Islamic Shariah rules from 90% to 92%, effective from April 15, 2020 . According to BB's data excess liquidity in the banking sector has nearly doubled from BDT 1,030,000.00 million in January 2020 to BDT 2,050,000.00 million in December 2020. The surplus liquidity in the FI operation led to a fall in the interest rates, which were already quite low due to introduction of interest rate cap imposed by BB this may led to lower yield from FI investment.

During the pandemic DBH initiated several steps to reduce the operational risk like increased the provision for loans and advances to cope with any adverse impact on loan repayment, arranging home-office environment with necessary technological systems ensuring proper information security mechanism (SSL-VPN).

D.2. Credit Risk

Credit risk is the loss arising from the failure of a client, its counter-party or related parties to meet their contractual obligations. Credit risk also includes those risks which create losses to the community in general or other stakeholders resulting from the failure in measuring the risk of approving credit. Thus managing credit risk for efficient management of a financial institution (FI) has become the most crucial task. Given the fast changing, dynamic global economy and the increasing pressure of globalization, liberalization, and consolidation it is essential that FIs have robust credit risk management policies and procedures those are sensitive and responsive to these changes.

Credit risk for DBH has been segregated into various categories which include default risk, credit concentration risk, recovery risk, counter – party risk, environmental risk and last but not least related- party risk. Default risk refers to the event in which companies or individuals will be unable to make the required payments on their debt obligations. Lenders and investors are exposed to default risk in virtually all forms of credit extensions. To mitigate the impact of default risk, lenders often charge rates of return that correspond the debtor's level of default risk. The higher the risk, the higher the required return, and vice versa. Recovery & counter party risk can be mitigated with the help of a rigorous credit approval procedure.

D.2.1. Credit Risk Management

To encounter and mitigate credit risk, DBH employed multilayer approval process and carries out 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, takes collateral, performs

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valuation and legal vetting on the proposed collateral by members of their own dedicated technical and legal department, seeks legal opinion from external lawyers for any legal issues if required, review market situation and industry exposures regularly and obtain 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.

D.2.2. Credit Administration Process

DBH has a strong risk management unit to address different types of risk including credit risk. A detailed credit administration process has been outlined by the credit risk management department through their credit policy which was approved by The Board of Directors of 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.

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. 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.

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.

D.2.3. Credit Evaluation & Approval Process

Credit Policy acts as a guideline in every step of approval process for all concerned personnel. 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.

To ensure both speedy service and mitigation of credit risk, the approval process is maintained through a multilayer system. The multilayer approval system is designed depending on the size of the loan. 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. 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.

D.3. Market Risk

The risk of loss arising from changes in market variables such as interest rates, security prices, equity index levels, exchange rates, commodity prices and general credit spreads are considered to be market risks. Since DBH is a non-banking financial institution, market risks may arise in the form of interest rate risk and equity price risk mainly.

Interest Risk: Interest rate risk is the exposure of DBH's financial condition to adverse movements in interest rates arising from re-pricing and/ or maturity mismatches, changes in underlying rates and other characteristics of assets and liabilities in the normal course of business. Capital charge for interest rate risk and foreign exchange risk is not applicable for DBH as it does not have such balance sheet items.

Equity Risk: Equity risk is the exposure of changes in prices and volatility of individual equities, baskets of equities and equity indices. DBH's credit policy ensures that exposures are sufficiently diversified and within the Company's risk appetite.

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At DBH, business volume risk may arise in the form of risk of falling business volumes and market share, risk of being overtaken and losing leadership position and risk of over trading which may affect profitability due to volatile revenues and reduced spread earnings, credit rating and reputation. Risk of over trading may lead to insufficient capital. This risk may also be considered to be a part of market risk.

D.3.1. Market Risk Management

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 department manages the Market risk with the help of Asset Liability Management Committee (ALCO) and Asset Liability Management (ALM) Desk in the following manner:

Interest and Equity 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 by market analysis over interest rate movements which 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.

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

D.4. Liquidity and Funding Risk

The risk of being unable to either meet payment obligations on maturity or to borrow funds from the market at an acceptable price to fund actual or proposed commitments include the liquidity and funding risk. Due to tradeoff between liquidity and profitability as well as mismatch between demand and supply of liquid assets raises this risk. Basically liquidity is of critical importance to financial institutions. Insufficient liquidity has been the cause behind most recent failures of financial institutions.

D.4.1. Liquidity Risk Management

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.

E. MANAGEMENT AND OTHER QUALITATIVE FACTORS

E.1. Corporate Governance

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. 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.

DBH promotes accountability of its management and the Board of Directors acknowledges its responsibilities towards its stakeholders for creation and safeguarding their wealth. DBH practices trustworthy, transparent, moral and ethical conduct, both internally and externally, and are

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committed towards maintaining the highest standards of Corporate Governance practices in the best interest of all its stakeholders. DBH strives that all its stakeholders have an access to clear, adequate and factual information relating to the Company.

E.1.1. Board of Directors

The Board of DBH has an optimum combination of Executive Director and Independent Directors. The Board comprises of total nine (09) Directors, out of which seven (7) are Executive Directors and two (2) are Independent Directors. The Managing Director is an Executive and ex-officio Director of the Board. The Board of Directors is responsible for proper governance, which includes setting out company's strategic aims, providing the necessary leadership to implement such aims, supervising the management of the business and reporting to shareholders on their stewardship. The Board is collectively accountable to the company's shareholders for good governance to facilitate efficient and effective management in order to deliver shareholder value over the long term, within appropriately established risk parameters.

The Board of Directors of DBH is chaired by Mr. Nasir A. Choudhury, 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 until his retirement in May 2013. He is also the Chairman of Green Delta Securities Limited, Green Delta Capital Limited & GD Assist Ltd. 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. 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.

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 June 3, 2018.

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.

E.1.2. 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. During 2020, a total of nine (09) Board meetings were held.

E.1.3. Board of Directors Committees

The Board of Directors have constituted two committees namely – Audit Committee and Executive Committee which enables the Board to deal with specific areas or 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.

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Executive Committee (EC):

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 BDT 100.00 million. The Executive Committee was last reconstituted on July 1, 2020 and the members are: Ms. Mehreen Hassan as its Chairperson, Dr. A M R Chowdhury, and Mr. Nasimul Baten, Managing Director & CEO as its members. Mr. Mohammed Irfan Syed, who was also one of the members of the EC, resigned in March 25, 2020. A total of 05 (five) meetings of the Executive Committee were held in FY2020.

Audit Committee (AC):

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 besides recommending appointment/ removal of statutory auditors and fixing their remuneration. The Audit Committee of the Board was reconstituted on January 15, 2020 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 Code 2018. 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.

The Audit Committee consist of 5 (five) members: Major General Syeed Ahmed, BP, awc, psc (Retd.) as the Chairman, followed by Mr. Md. Mujibur Rahman, Ms. Rasheda K. Choudhury, Mr. Syed Moinuddin Ahmed and Mr. M. Anisul Haque, FCMA. 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 Company Secretary acts as 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. The Committee normally meets quarterly, but an emergency meeting of the Committee may be called, if required. During the period under review, 5 (five) meetings were held by the Audit Committee.

E.2. Senior Management


The strategic management activities and overall business operations of DBH used to be monitored by Mr. Q. M. Shariful Ala, FCA who decided to retire as Managing Director & CEO after 23 years, with the responsibilities passed down to the current Managing Director & CEO, Mr. Nasimul Baten. He is the home-grown Managing Director of the company where he served for 23 years before taking the lead role. He was previously working as Deputy Managing Director & Head of Business and also worked as Acting Managing Director of DBH from July 1, 2020 to December 31, 2020. He has extensive finance and corporate management experience, primarily in the housing finance and real estate sector, with prior work experiences in Bangladesh Bank, World Bank, IFC, ADB, FMO and other reputed local and international organizations. He is spearheading the Executive Management team for DBH's next phase of growth as the company solidified its position as country's largest home loan provider. He joined DBH in early 1998 and since then he managed almost all functional areas covering business, operations, risk management, distribution, sales, treasury and branch network during his prolonged association with the company. He is a member of the Old Faujian Association (OFA), IBA Alumni Association (IBAAA) and Cadet College Club Limited (CCCL).

E.2.1. Management Committees

Apart from functional departments, Several Management committees have been formed to handle the banking operation and identify and manage the risk associated with the business. There are 2 main committees under the management committee that aids in operating their day to day operation smoothly and ensure that the individual units run in accordance with the corporate strategic objective.


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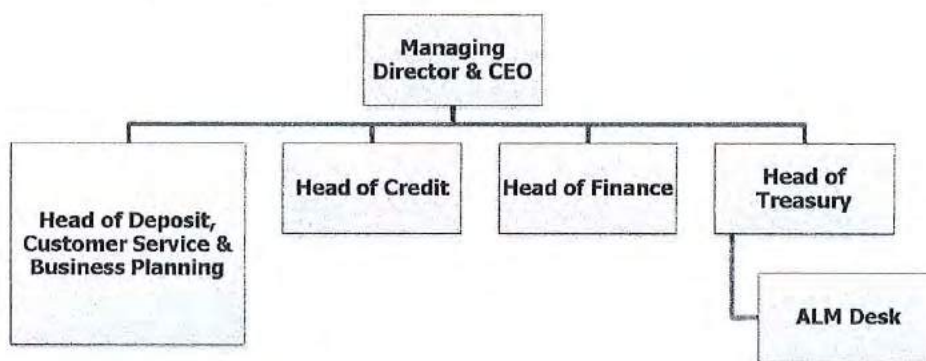

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Gulshan-2, Dhaka-1212




Nasimul Baten
Managing Director & CEO
Delta Brac Housing Finance Corp.
Page 24 of 31



Figure 10: Structure of ALCO in DBH



Asset Liability Committee (ALCO): One of the integral committees of DBH is the Asset Liability Management Committee (ALCO) which assesses financial market activities, manages liquidity, the changes in interest rate, market condition, carries out asset liability maturity gap analysis, re-pricing of products and thereby takes effective measures to monitor and control interest rate risk. 05 members comprise of the ALCO of DBH that includes the Managing Director & CEO as chairperson as well as Head of Credit, Head of Deposit, Customer Service & Business Planning, Head of Finance and Head of Treasury.

Risk Management Committee (RMC): One of the prime responsibilities of the Board is to oversee the quality of the risk management processes and systems through the Risk Management Committee. The committee also assists the Board with the establishment and operation of an independent risk management system for managing risks on an enterprise-wide basis, verify 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.

E.3. Human Resource Management

Human Resource Management involves accounting for the company's management and employees as human capital that provides future benefits. Human Resource Accounting is the process of identifying and measuring data about human resources and communicating with the employees. 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. During 2020, DBH recruited 23 new regular employees and 41 employees has been promoted, while 22 employees resigned and 1 employee retired from the FI.

DBH as a workplace is an equal employment opportunity employer with reasonable working hour having apt concentration on the health and safety issue of their staff. The Company provides 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. The benefits package provided to the employees are also competitive.

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 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. In addition, all employees enjoy earned leave of 24 days including mandatory annual leave of 2 weeks and female employees are entitled to get maternity leave of six months.

M. M. Anisuruzaman
Managing Director
IDLC Investments Limited

Nasimul Baten
Managing Director & CEO
Delta Brac Housing Finance Corp. Ltd.

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Jashim Uddin
JASHIM UDDIN FCS
Company Secretary
Delta Brac Housing Finance Corp. Ltd.
Landmark Building
12-14 Gulshan North C/A
Gulshan-2, Dhaka-1212





E.4. Information Technology

DBH has invested a great deal on information & communication technology in order to ensure smooth operation and efficient service which is line with the growing customer base, business growth as well as introduction of diverse product range. 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 FY 2017, 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. DBH's DR site has been enhanced with new SSD storage. Central Patch management system for all workstations has also been implemented. DBH considers Cyber security as a big risk and so have appropriate control system for Cyber security & risk management which is regularly monitored. ICT security policy has also been updated as per regulator's guideline.

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.


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Managing Director
IDLC Investments Limited


Nasimul Baten
Managing Director & CEO
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JASHIM UDDIN FCS
Company Secretary
Delta Brac Housing Finance Corp. Ltd
Landmark Building
EMERGING
Credit Rating Ltd





CORPORATE INFORMATION (AS ON DECEMBER 31, 2020)

Board of Directors

Mr. Nasir A. Choudhury
 Dr. A M R Chowdhury
 Ms. Mehreen Hassan, Bar-at-Law
 Mr. M. Anisul Haque, FCMA
 Mr. Md. Mujibur Rahman
 Mr. Mohammad Anisur Rahman
 Mr. Syed Moinuddin Ahmed
 Ms. Rasheda K. Choudhury
 Major General Syeed Ahmed, BP, (Retd.)
 Mr. Nasimul Baten

Status

Chairman
 Vice- Chairman
 Director
 Director
 Director
 Director
 Director
 Independent Director
 Independent Director
 Managing Director & CEO

Key Personnel

Mr. Nasimul Baten
 Mr. Tanvir Ahmad
 Mr. A. K. M. Tanvir Kamal
 Md. Hassan Iftekhar Yussouf
 Mr. Saiyaf Ejaz
 Mr. Md. Zakaria Eusuf
 Mr. Md. Golam Rosul
 Mr. Md. Fakrul Amin
 Mr. Moahedul Mowla
 Mr. Jashim Uddin
 Mr. Md. Abdul Wadud, FCA
 Mr. Khandaker Satil Sayeed
 Mr. Md. Ariful Bari Rumi
 Mr. Mir Md. Mukhlesur Rahman
 Ms. Nahid Ahmed
 Mr. Sabed Bin Ahsan

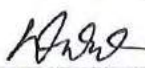
 Mr. A. H. M. Mostofa Kamal
 Mr. Kazi Hasanul Islam
 Mr. Md. Mamunur Rashid Bhuiyan
 Mr. Mohammad Manjurul Alam
 Mr. Siddhartha Sangkor Kirtonia
 Mr. Bidhan Krishna Ghosh
 Md. Ferdous Hossain Polash
 Mr. Imtiaz Elahi Sohel
 Mr. Md. Mamun-Ur-Rashid
 Mr. Md. Mustaqimur Rashid
 Mr. Md. Rasel Sarker
 Mr. Muhammad Abdullah Al Razee
 A.K.M. Zahidul Hassan Choudhury
 Khairul Alam
 Md. Jubraj Hossain
 Shihabuddin Mahmud
 Md. Abdullah Al Mamun
 Md. Moshior Rahman
 Mohammed Atiqur Rahman Akand
 Sabbir Mahamud
 Mir Mohammad Ariful Islam

Position

Managing Director & CEO
 Head of Human Resources
 Head of Credit
 Head of Information Technology
 Head of Recovery & Administration
 Head of Loan Operations
 Head of Loan Sales
 Head of Legal
 Head of Branch – Nasirabad
 Company Secretary & Head of Corporate Affairs
 Head of Finance
 Financial Controller
 Head of Branch – Motijheel
 VP – Credit
 Head of Treasury
 Head of Deposits, Customer Experience & Business Planning
 VP – Technical & Property Services
 Head of Branch - Dhanmondi
 SAVP – Recovery & Legal
 SAVP - Sales
 SAVP – IT
 SAVP – Sales & Regional Branches
 SAVP - Regional Sales
 AVP - Brand & Communications
 AVP – IT
 AVP - Human Resources
 AVP – IT
 Branch Manager – Uttara
 Branch Manager – Savar
 Branch Manager – Gazipur
 Senior Manager - Treasury
 Head of Internal Audit
 Senior Branch Sales Manager
 Senior Branch Sales Manager
 Senior Manager – Sales
 Senior Manager - Human Resources
 Senior Manager - Customer Services


 Md. Moniruzzaman
 Managing Director
 IDLC Investments Limited


 Nasimul Baten
 Managing Director & CEO
 Delta Brac Housing Finance Corp. L


 Md. Abdul Wadud
 SVP & Head of Finance
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 JASHIM UDDIN FCS
 Company Secretary
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 Landmark Building
 12-14 Gulshan North C/A
 Dhaka-1212
 Credit-Rating Ltd





Shareholders

Shareholding Percentage

Sponsor/Directors	51.32%
General Public	13.67%
Foreign	21.94%
Financial institution & other companies	13.07%

Auditors

ACNABIN

Chartered Accountants

BDBL Bhaban (Level-13),
12, Kawran Bazar C/A,
Dhaka-1215.

Corporate Office

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Fax: +880 (2) 9882110
Email: dbh@deltabrac.com
Website: www.deltabrac.com

Md.
Md. Moniruzzaman
Managing Director
IDLC Investments Limited

Nasimul
Nasimul Baten
Managing Director & CEO
Delta Brac Housing Finance Corp. L

Md. Abdul Wadud
Md. Abdul Wadud
SVP & Head of Finance
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EMERGING
Credit Rating Ltd





Delta Brac Housing Finance Corporation Limited

Profit & Loss Account

(Amount in BDT)

Particulars	2020	2019	2018	2017
Period	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec
Interest Income	5,908,789,297	6,352,769,970	5,855,189,028	4,573,375,022
Interest Expenses	(3,960,184,480)	(4,644,846,591)	(4,062,413,858)	(2,967,576,413)
Net Interest Income	1,948,604,817	1,707,923,379	1,792,775,170	1,605,798,609
Income from investment	24,150,831	26,835,187	45,906,426	43,484,977
Commission, exchange and brokerage	155,864,097	199,772,398	146,116,642	149,917,196
Other operating income	19,674,791	6,795,002	11,239,822	18,682,623
Total operating income	2,148,294,536	1,941,325,966	1,996,038,060	1,817,883,405
Total Operating Expense	523,426,330	523,664,984	495,373,246	449,179,007
Profit before Provision	1,624,868,206	1,417,660,982	1,500,664,814	1,368,704,398
Provision for Loans & Advances	151,605,837	(181,159,783)	(146,239,976)	(103,379,921)
Provisions for Diminution in Value of Investment	(24,897,811)	43,950,370	40,369,345	(20,394,053)
Profit/(Loss) before Taxes	1,498,160,180	1,554,870,395	1,606,535,445	1,492,478,372
Provision for Tax	604,672,845	477,069,747	557,865,603	539,675,404
Deferred Tax (Income)/Expense	2,561,925	1,893,259	771,279	3,801,667
Net Profit/ (Loss) after Tax	890,925,410	1,073,254,993	1,047,898,563	949,001,301
Statutory Reserve	146,055,540	32,940,207	82,346,655	189,800,260
General Reserve	250,000,000	350,000,000	580,000,000	112,000,000
Retained Surplus	494,869,870	690,314,786	385,551,908	647,201,041

FY2017 - FY2020 data extracted from Audited Financial Statements, year ended 31 December

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Nasimul Baten
Managing Director & CEO
Delta Brac Housing Finance Corp. Ltd.

Md. Moniruzzaman
Managing Director
IDLC Investments Limited





Delta Brac Housing Finance Corporation Limited

Balance Sheet

(Amount in BDT)

Particulars	2020	2019	2018	2017
Ended	Dec	Dec	Dec	Dec
PROPERTY AND ASSETS				
Cash in Hand	132,671	105,037	106,217	89,700
Balance with Bangladesh Bank & its agent Bank(s)	575,108,250	872,896,673	798,408,271	633,975,143
Balances with other Banks/Financial Institutes	14,338,776,038	13,028,725,061	11,779,169,860	10,697,156,711
Money at Short Call Notice	-	-	-	-
Investments				
Government	1,040,323	1,078,570	1,114,848	1,145,176
Others	487,983,905	461,029,892	606,706,218	641,882,910
Loans & Advances	42,750,381,474	44,521,893,390	43,847,701,062	42,243,352,611
Fixed Assets	289,880,948	279,704,267	169,515,890	178,470,140
Other Assets	163,712,258	114,496,609	296,259,328	184,780,123
Total Assets	58,607,015,867	59,279,929,499	57,498,981,694	54,580,852,514
LIABILITIES AND CAPITAL				
Borrowings from Banks and financial Institutes	5,571,061,010	7,051,344,655	6,085,478,083	6,515,419,275
Fixed Deposits	43,826,874,936	43,411,284,633	43,318,721,105	41,187,889,744
Other Liabilities	2,777,623,932	3,008,695,578	3,054,803,259	2,519,907,282
Total Liabilities	52,175,559,878	53,471,324,866	52,459,002,447	50,223,216,301
Paid Up Capital	1,541,425,810	1,340,370,270	1,218,518,430	1,218,518,430
Share Premium	55,000,000	55,000,000	55,000,000	55,000,000
Statutory Reserve	1,486,425,811	1,340,370,271	1,307,430,064	1,225,083,409
Other Reserve	2,825,040,000	2,575,040,000	2,025,040,000	1,445,040,000
Retained Earnings	523,564,368	497,824,092	433,990,753	413,994,374
Total Equity	6,431,455,989	5,808,604,633	5,039,979,247	4,357,636,213
TOTAL LIABILITIES & SHAREHOLDERS' Equity	58,607,015,867	59,279,929,499	57,498,981,694	54,580,852,514

FY2017 -FY2020 data extracted from Audited Financial Statements, year ended 31 December

Md. Abdul Wadud
SVP & Head of Finance
Delta Brac Housing Finance Corporation Ltd.
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(Signature)

(Signature)

JASHIM UDDIN FCS
Company Secretary
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Md. Moniruzzaman
Managing Director
IDLC Housing Finance Ltd.
Nasimul Baten
Managing Director & CEO
Delta Brac Housing Finance Corp. Ltd.
Page 30 of 31





BOND RATING SYMBOL

LONG-TERM RATINGS

ECRL's Long-Term Ratings are assigned to debt with maturities of more than one year. These debt ratings specifically assess the likelihood of timely repayment of principal and payment of interest over the term to maturity of such debts.

RATING

AAA	Indicates that the ability to repay principal and pay interest on a timely basis is extremely high.
AA	Indicates a very strong ability to repay principal and pay interest on a timely basis, with limited increment risk compared to issues rated in the highest category.
A	Indicates the ability to repay principal and pay interest is strong. These issues could be more vulnerable to adverse developments, both internal and external, than obligations with higher ratings.
BBB	This grade indicates an adequate capacity to repay principal and pay interest. More vulnerable to adverse developments, both internal and external, than obligations with higher ratings.
BB	This rating suggests that likelihood of default is considerably less than for lower-rated issues. However, there are significant uncertainties that could affect the ability to adequately service debt obligations.
B	Indicates a higher degree of uncertainty, and therefore, greater likelihood of default. Adverse developments could negatively affect repayment of principal and payment of interest on a timely basis.
C	High likelihood of default, with little capacity to address further adverse changes in financial circumstances.
D	Payment in default.

Notes: Long-Term Ratings from AA to B may be modified by the addition of a plus (+) or minus (-) suffix to show relative standing within the major rating categories. Bank-guaranteed issues will carry a suffix (bg), corporate-guaranteed issues, a (cg), issues guaranteed by a financial guarantee insurer (FGI), an (fg), bond issues will carry a suffix (B) and all other supports, an (s) when such guarantees or supports give favourable effect to the assigned rating.

Rating Outlook

ECRL's Rating Outlook assesses the potential direction of the Financial Institutions Rating over the intermediate term (typically over a one to two-year period). The Rating Outlook may either be :

POSITIVE	Which indicates that a rating may be raised;
NEGATIVE	Which indicates that a rating may be lowered;
STABLE	Which indicates that a rating is likely to remain unchanged; or
DEVELOPING	Which indicates that a rating may be raised, lowered or remain unchanged.

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an independent house of risk assessment

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Md. Abdul Wadud
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Jashim Uddin
JASHIM UDDIN FCS
Company Secretary
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Landmark Building
12-14 Gulshan North C/A
Emerging Credit Rating Ltd





ANNEXURE 4: DUE DILIGENCE CERTIFICATE OF TRUSTEE

Md. Abdul Wadud
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Delta Brac Housing Finance Corporation Ltd.
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Md. Moniruzzaman
Managing Director
IDLC Investments Limited

Nasimul Baten
Managing Director & CEO
Delta Brac Housing Finance Corp. Ltd.



মুজিববর্ষের
স্বপ্ন 100

মুজিববর্ষের অঙ্গীকার
উন্নয়ন-অর্পণায়নের উৎস হবে পুঁজিবাজার



Due Diligence Certificate of the Trustee

To
The Bangladesh Securities and Exchange Commission

Sub: Issuance of 6,000 Zero Coupon Bond of Tk. 0.5 million each of Delta BRAC Housing Finance Corporation Limited

We, the under-noted trustee to the above-mentioned forthcoming issue, state as follows:

1. We, while act as trustee to the above-mentioned issue on behalf of the investors, have examined the draft Information Memorandum, legal and other documents and materials as relevant to our decision; and
2. On the basis of such examination and the discussions with the issuer, its directors and officers, and other agencies; independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer.

WE CONFIRM THAT:

- (a) all information and documents as are relevant to the issue have been received and examined by us and the draft IM, draft deed of trust and draft subscription agreement forwarded to the Commission has been approved by us;
- (b) we have also examined all documents of the assets to be charged with the trust and are satisfied that the assets bear the value, title and charge status as disclosed in the IM;
- (c) while examining the above documents, we find that all the requirements of the Bangladesh Securities and Exchange Commission (Debt Securities) Rules, 2021 have been complied with;
- (d) we shall act as trustee to the issue as mentioned above as per provisions of the deed of trust to be executed with the issuer or originator, as applicable and shall assume the duties and responsibilities as described in the deed of trust and in the IM;
- (e) we shall also abide by the Bangladesh Securities and Exchange Commission (Debt Securities) Rules, 2021 and conditions imposed by the Commission as regards of the issue; and
- (f) the above declarations are unequivocal and irrevocable.

For Trustee

Md. Moniruzzaman, CFA
Managing Director
IDLC Investments Limited

IDLC Investments Limited

📍 D R Tower (4th Floor), 65/2/2 Bir Protik Gazi Gofam Dastagir Road, Purana Paltan, Dhaka 1000, Bangladesh
🌐 www.idlc.com ✉ contactcenter@idlc.com ☎ 16409 📞 +8809609994352 📠 +880 (2) 9571171

Md. Moniruzzaman
Managing Director
IDLC Investments Limited

Md. Abdul Wadud
SVP & Head of Finance
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Company Secretary
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Gulshan-2, Dhaka-1212

Nasimul Baten
Managing Director & CEO
Delta Brac Housing Finance Corp. Ltd.



ANNEXURE 05: DETAIL COST STRUCTURE

Md. Abdul Wadud
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Md. Moniruzzaman
Managing Director
IDLC Investments Limited

Nasimul Baten
Managing Director & CEO
Delta Brac Housing Finance Corp. Ltd.

Annexure 05

Detail cost structure

DBH ZERO COUPON BOND

Tentative costing					
ROLE	SELECTED ENTITY	FEES AGAINST SERVICES PROVIDED	FEE PAYMENT FREQUENCY	Face value	
					3,000,000,000
					Total cost in BDT
BSEC Consent Fee-Issuer	BSEC	0.10% of Issue Size	1 Time		3,000,000
BSEC Application Fee-Issuer	BSEC	10,000.00	1 Time		10,000
BSEC Consent Fee (Trustee)	BSEC	100,000.00	1 Time		100,000
BSEC Application Fee (Trustee)	BSEC	50,000.00	1 Time		50,000
Auditors	Last audited financials will be sufficient if the application can be submitted by June 30, 2021	0	1 Time		-
Trust deed registration fee	RJSC		1 Time		1,000,000
Trustee Fee to BSEC		50,000.00	Annual (4)		200,000
Arranger	UCB Investment Limited	0.25%	1 Time		7,500,000
Trustee, Registrar, Paying Agent, Transfer Agent	IDLC Investments Limited	300,000.00	Annual (4)		1,200,000
Bond Rating Agency(approx)	Emerging credit rating	50,000.00	Initial & Annual (5)		250,000
Legal Adviser	A&S Associates	130,000.00	1 Time		130,000
<i>* Fees are excluding Value Added Tax (VAT)</i>					13,440,000
Total Cost (Excluding VAT)					13,440,000

Md. Moniruzzaman
Managing Director
IDLC Investments Limited

Md. Abdul Wadud
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Nasimul Baten
Managing Director & CEO
Delta Brac Housing Finance Corp. Ltd.



**ANNEXURE 06: LATEST DEFAULT MATRIX AND TRANSITION STATISTICS
OF CRC**

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Md. Moniruzzamar
Managing Director
IDLC Investments Limited


Nasimul Baten
Managing Director & CEO
Delta Brac Housing Finance Corp. Ltd.



ECRL Default Studies 2020

Default Summary by Rating Category

Year	Issuers as of 1st January	Default count (High Grade)	Default count (High Yield)	High grade default rate	High yield default rate	All corporate default rate
2011	223	0	0	0.0%	0.0%	0.0%
2012	634	0	0	0.0%	0.2%	0.2%
2013	1136	0	2	0.0%	0.0%	0.0%
2014	1128	0	0	0.0%	0.0%	0.0%
2015	875	0	0	0.0%	0.0%	0.0%
2016	916	0	1	0.0%	0.1%	0.1%
2017	780	1	0	0.4%	0.0%	0.1%
2018	878	0	0	0.0%	0.0%	0.0%
2019	993	0	1	0.0%	0.1%	0.1%
2020	1012	0	1	0.0%	0.1%	0.1%
Arithmetic Mean	n.a.	n.a.	n.a.	0.0%	0.1%	0.1%

Cumulative Default Rate by Rating Band

Rating band	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
AAA	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
AA	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
A	0.1%	0.1%	0.2%	0.2%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
BBB	0.0%	0.1%	0.1%	0.1%	0.1%	0.2%	0.2%	0.2%	0.2%	0.2%
BB	0.4%	0.6%	0.7%	0.7%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
B	0.0%	0.0%	0.0%	0.0%	0.0%	3.2%	3.2%	3.2%	3.2%	3.2%
C	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
B & Lower	0.0%	0.0%	0.0%	0.0%	0.0%	3.1%	3.1%	3.1%	3.1%	3.1%
High Grade	0.1%	0.1%	0.2%	0.2%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
High Yield	0.1%	0.1%	0.2%	0.2%	0.2%	0.2%	0.3%	0.3%	0.3%	0.3%
All Corporate	0.1%	0.1%	0.2%	0.2%	0.2%	0.2%	0.3%	0.3%	0.3%	0.3%

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JASHIM UDDIN FCS
Company Secretary
Delta Brac Housing Finance Corp. Ltd
Landmark Building



Md. Moniruzzaman
Managing Director
IDLC Investments Limited

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Nasimul Baten
Managing Director & CEO
Delta Brac Housing Finance



Rating Transition Matrix (2011 – 2020)

1-year cumulative rating transition matrix

From / To	AAA	AA	A	BBB	BB	B	C	Default
AAA	98.4%	1.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
AA	1.6%	98.0%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%
A	0.0%	1.8%	96.1%	2.0%	0.1%	0.0%	0.0%	0.1%
BBB	0.0%	0.0%	1.9%	96.6%	1.5%	0.0%	0.0%	0.0%
BB	0.0%	0.0%	0.0%	13.3%	85.4%	0.8%	0.0%	0.6%
B	0.0%	0.0%	0.0%	0.0%	15.0%	85.0%	0.0%	0.0%
C	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
D	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%

2-year cumulative rating transition matrix

From / To	AAA	AA	A	BBB	BB	B	C	Default
AAA	96.9%	3.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
AA	3.2%	96.1%	0.6%	0.0%	0.0%	0.0%	0.0%	0.0%
A	0.0%	3.5%	92.4%	3.8%	0.1%	0.0%	0.0%	0.1%
BBB	0.0%	0.1%	3.7%	93.5%	2.7%	0.1%	0.0%	0.0%
BB	0.0%	0.0%	0.3%	24.1%	73.2%	1.3%	0.0%	1.1%
B	0.0%	0.0%	0.0%	2.0%	25.6%	72.4%	0.0%	0.1%
C	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
D	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%

3-year cumulative rating transition matrix

From / To	AAA	AA	A	BBB	BB	B	C	Default
AAA	95.4%	4.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
AA	4.7%	94.3%	0.9%	0.0%	0.0%	0.0%	0.0%	0.0%
A	0.1%	5.0%	88.9%	5.5%	0.2%	0.0%	0.0%	0.2%
BBB	0.0%	0.2%	5.3%	90.7%	3.7%	0.1%	0.0%	0.0%
BB	0.0%	0.0%	0.7%	33.0%	63.1%	1.7%	0.0%	1.5%
B	0.0%	0.0%	0.0%	5.3%	32.7%	61.7%	0.0%	0.2%
C	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
D	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%

4-year cumulative rating transition matrix

From / To	AAA	AA	A	BBB	BB	B	C	Default
AAA	94.0%	6.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
AA	6.2%	92.6%	1.2%	0.0%	0.0%	0.0%	0.0%	0.0%
A	0.2%	6.5%	85.6%	7.1%	0.3%	0.0%	0.0%	0.3%
BBB	0.0%	0.3%	6.8%	88.2%	4.5%	0.1%	0.0%	0.1%
BB	0.0%	0.0%	1.3%	40.2%	54.6%	2.0%	0.0%	1.9%
B	0.0%	0.0%	0.1%	9.5%	37.3%	52.7%	0.0%	0.4%
C	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
D	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%

5-year cumulative rating transition matrix

From / To	AAA	AA	A	BBB	BB	B	C	Default
AAA	92.6%	7.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
AA	7.6%	90.9%	1.5%	0.1%	0.0%	0.0%	0.0%	0.0%
A	0.3%	7.9%	82.4%	8.6%	0.5%	0.0%	0.0%	0.3%
BBB	0.0%	0.4%	8.2%	85.9%	5.1%	0.2%	0.0%	0.1%
BB	0.0%	0.1%	2.0%	46.1%	47.5%	2.1%	0.0%	2.2%
B	0.0%	0.0%	0.3%	14.1%	39.9%	45.1%	0.0%	0.6%
C	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
D	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%

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Company Secretary
Delta Brac Housing Finance Corp. Ltd
Landmark Building

Md. Moniruzzaman
Managing Director
IDLC Investments



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Nasimul Baten
Managing Director & CEO
Delta Brac Housing Finance Corp.



Average Time (Month) to Default from Original Rating

Original Band	Defaulted Issuers	Average Months from Original Rating
AAA	0	n.a.
AA	0	n.a.
A	1	57
BBB	3	60
BB	2	30
B	0	n.a.
C	0	n.a.
*High Grade	1	57
**High Yield	5	48
All Corporate	6	49

* High Grade represents AAA, AA & A ratings

**High Yield represents BBB, BB, B & C ratings

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