

Report on Corporate Governance

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

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

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

1. BOARD INDEPENDENCE & GOVERNANCE

DBH's Board of Directors plays a pivotal role

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

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

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

(a) Chairman

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

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

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

(d) DBH's Policy for Induction of Directors

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

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

(e) Composition and Category

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

(f) Board's Effectiveness Policy

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

Broadly, the responsibilities of the Board include the followings:

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

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

(j) Board nomination and election process

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

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

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

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

2. BOARD SYSTEMS AND PROCEDURES

(a) Board Meetings

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

exigency or an urgent matter, approval of the Board is sought through resolution by circulation, which is noted in the subsequent Board Meeting.

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

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

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

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

Ethics and Compliance

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

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

- Their relationship with and responsibilities to DBH.
 - Their relationship with and responsibilities to customers.
 - Compliance with laws and regulations.
 - Acting in a professional and ethical manner.
 - Protection of business assets.
 - Disclosure of conflicts of interest.
 - Prohibition of any conduct involving dishonesty, fraud, deceit or misrepresentation including insider trading.
- The complete Code of Conduct is available in the Company's website, link of which is: http://www.deltabrac.com/downloads/Code_of_Conduct_2018.pdf

(c) Attendance in Board of Directors and Committee Meetings

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

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

(d) Particulars of Whistle Blower Policy

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

(e) Independence of the Chairman of all Board Committee

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

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

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

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

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

(g) Particulars of Remuneration Committee

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

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

(h) Information Applied to the Board

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

The following Acts, Regulations and Circulars have been followed:

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

The following internal principles and guidelines have also been followed;

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

(i) Disclosure of Board Committees

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

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

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

Audit Committee

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

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

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

Executive Committee

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

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

(j) Role of Company Secretary & his Background

Role of the Company Secretary

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

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

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

3. BOARD SYSTEMS AND AUDIT COMMITTEE

(a) Financial Expert in the Audit Committee

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

(b) Reporting of Internal Auditor to the Audit Committee

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

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

The Board has ultimate responsibility for establishing an effective system of internal control. The internal control system holds all business risks, including financial, operational and strategic risks. To mitigate all the risks as well as to establish control environment, the board holds its meeting regularly with comprehensive agenda dealing with all major aspects of business. There is an internal control and compliance

department directly reporting to the Board Audit Committee which looks after compliance with the organizational policies by different departments.

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

(c) Proportion of Independent Directors in the Audit Committee

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

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

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

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

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

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

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

- > On conflict of interest;
- > Suspected and presumed fraud or irregularity or material defect in the internal control system;
- > Suspected infringement of laws, including securities-related laws, rules and regulations and
- > Any other matter which should be disclosed to the Board of Directors immediately

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

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

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

4. TRANSPARENCY & DISCLOSURE COMPLIANCES

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

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

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

Transactions with related parties have been made on arm's length basis and are

in the ordinary course of business. Detailed transactions with related parties have been described at notes- 36 of the Financial Statements on the page no. 139 of this annual report.

(c) Disclosure regarding Compliance of IFRS/ BFRS

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

(d) Disclosure regarding Compliance of ICSB Secretarial Standards

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

(e) Adverse Remarks in the Auditors' Report

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

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

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

(g) Presentation of Financial Statements on the Website

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

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

(h) Information relating to Compliance Certificate

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

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

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

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

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

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

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

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

5. TRANSPARENCY AND INTERNAL AUDIT FUNCTIONS

(a) Establishment of Internal Audit Department in the Company

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

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

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

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

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

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

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

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

(d) Review of the Adequacy of Internal Control System

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

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

The internal audit adopts a risk based audit approach and conducts regular audits of all the branches/offices of the Company and evaluates on a continuous basis, the

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

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

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

6. SHAREHOLDERS INFORMATION & VALUE ENHANCEMENT

Pattern of shareholdings as on 31st December 2017

On the basis of Shareholders types:

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

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

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

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

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

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

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

(d) Redressal of Investors Complaints

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

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

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

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

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

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

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

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

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

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

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

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

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

(j) Means of Communication with the Shareholders

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

7. STAKEHOLDERS VALUE ENHANCEMENT

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

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

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

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

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

(b) Payment to Vendors on Time

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

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

DBH contributes to the national exchequer in the form of Income Tax, VAT & Excise duty regularly and in timely manner. In return, DBH had been awarded the highest

tax payer certificate from NBR for last year. Company's contribution to the national exchequer has been given on page no. 41 of this annual report.

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

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

(e) Policy of Supply Chain Management

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

8. CORPORATE SOCIAL RESPONSIBILITY

(a) Policy of CSR

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

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

(b) Particulars of the Forestation and Plantation of Trees

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

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

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

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

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

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

(e) Scheme Maintain under CSR Programs

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

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

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

9. CORPORATE OBJECTIVES, GOVERNANCE INITIATIVES/ RECOGNITIONS

(a) Award Won by the Company for Corporate Governance

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

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

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

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

(c) Overall Strategic Objectives

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

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

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

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

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

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

10. TIMELINESS IN ISSUING FINANCIAL STATEMENTS AND HOLDING AGMs

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

Resolutions passed at the previous AGM i.e. 21st Annual General Meeting :

Date & Time: May 23, 2017 at 10:30 AM

Venue: the "Gressho-ABC Hall" of Six Seasons Hotel, House- 19, Road- 96, Gulshan-2, Dhaka-1212.

Resolutions passed by the shareholders on the following:

(i) Financial Statements for the period ended July 1, 2016 to December 31, 2016.

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

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

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

11. DELEGATION OF AUTHORITY

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

12. AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

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

13. RISK MANAGEMENT

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

14. GOING CONCERN

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

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

Annexure- A

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

(Report under Condition No. 7.00)

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

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

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

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

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

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