

# Annual Report 2010-2011

**DBH.** *Because every family needs a home.*



Delta Brac Housing Finance Corporation Limited

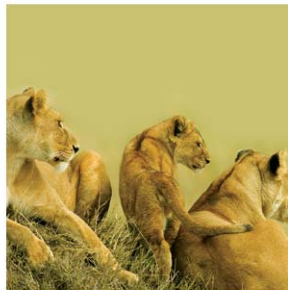




## **Highest Rated Financial Institution in Bangladesh-DBH**

Delta Brac Housing Finance Corporation Ltd. (DBH) has been awarded Triple A (AAA) credit rating consecutively for the last 5 years by the Credit Rating Agency of Bangladesh Ltd.

## Annual Report 2010-2011



***DBH. Because every family needs...***

*a home  
to belong  
togetherness  
enjoyment  
warmth  
to share  
compassion*



**DBH**

Because every family  
needs a home.



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## Notice of the 15th Annual General Meeting

Notice is hereby given that the 15th Annual General Meeting of the Shareholders of the Company will be held on November 22, 2011 (Tuesday) at 11.00 a.m. at Army Golf Club (Hall Room), Dhaka Cantonment, Dhaka to transact the following business:

### Ordinary Business:

1. Consideration and adoption of Directors' Report, Audited Financial Statements for the year ended June 30, 2011 and the Auditors' Report thereon.
2. Declaration of dividend for the year ended June 30, 2011.
3. Appointment/Re-appointment of Directors.
4. Appointment of Auditors and fixation of their remuneration.

### Special Business:

5. To change the denomination of shares of the Company by fixing the face value of each share at Tk. 10.00 instead of existing Tk. 100.00 and the Market lot of shares from 50 to 100 shares per lot. Accordingly, relevant Clauses/Articles of Memorandum and Articles of Association of the company will be amended which is placed before the shareholders, to consider and, if thought fit, to pass the following resolutions as Special Resolution:

#### **i. To amend Clause V of the Memorandum of Association as noted below:**

"The Authorized Capital of the Company is Tk. 200,00,00,000.00 (Taka Two Hundred Crores) divided into 20,00,00,000 (Twenty Crores) shares of Tk. 10.00 (Taka Ten) each with power to increase or reduce the same."

#### **ii. To amend Article 6(A) of the Articles of Association as noted below:**

"The Authorized Capital of the Company is Tk. 200,00,00,000.00 (Taka Two Hundred Crores) divided into 19,99,50,000 (Nineteen Crores Ninety Nine Lac and Fifty Thousand) ordinary shares of Tk. 10.00 (Taka Ten) each and 5,000 (Five Thousand) preference shares of Tk. 100.00 (Taka One Hundred) each with power to increase or reduce the capital and to divide the shares in the capital of the Company into different classes, attach thereto any special rights or privileges or conditions, or to consolidate or sub-divide the shares."

#### **iii. To amend Article 97 of the Articles of Association as noted below:**

A Director other than nominee Directors and other independent Directors must hold in his own name at least 1,000 (One Thousand) unencumbered shares of the nominal value of Tk. 10,000.00 (Taka Ten Thousand) to qualify to be a Director of the Company, this may be relaxed in the case of the Directors representing interest holding shares of the requisite value. Nominee Directors and independent Directors shall not be required to hold any share qualification."

By order of the Board

Sd/-

**Jashim Uddin, ACS**  
Company Secretary

Dated: October 23, 2011

### Notes:

- a. The Record Date of the Company was 29th September 2011 and the name of Shareholders in the Register of Members on the Record Date will be eligible to attend the meeting and shall be entitled for the dividend to be declared at the AGM.
- b. A shareholder may appoint a proxy to attend and vote in his/her place by filling proxy form as per Article 89(i) of the Articles of Association. The proxy form, duly completed and stamped, must be deposited at the office not later than 48 hours before the time scheduled for holding the meeting and in default, Form of Proxy will be treated as invalid.

## Core Purpose

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

## Core Values

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

## Corporate Directory

### Head Office

Landmark Building  
12-14 Gulshan North C/A, Gulshan-2, Dhaka-1212  
Phone: +880 (2) 8822374, 9882112, Fax: + 880 (2) 9882110

### Branches:

#### Motijheel Branch

Printers Bhaban (6th floor)  
5 RAJUK Avenue, Motijheel C/A, Dhaka-1000  
Phone: +880 (2) 7111774, 7111778  
Fax: + 880 (2) 9554269

#### Dhanmondi Branch

Panthaplaaza (1st floor)  
63/A Lake Circus, Kalabagan  
(West Panthapath), Dhaka-1205  
Phone : +880 (2) 8130906, 9134211  
Fax: +880 (2) 8117264

#### Uttara Branch

House no. 79/A (3rd floor)  
Road no. 07, Sector no. 04  
Uttara Model Town, Dhaka-1230  
Phone: +880 (2) 8933057, 8958605  
Fax: +880 (2) 8958605

#### Chittagong Branch

BMA Bhaban (5th floor)  
1367, CDA Avenue  
GEC Circle, Chittagong  
Phone: +880 (31) 255 1224-6  
Fax: +880 (31) 2551227

#### Sylhet Branch

19A, Kumarpara Road, (1st Floor)  
Kumarpara, Sylhet -3100  
Phone: + 880 (821) 283 0352

#### Bankers

Brac Bank Ltd.  
Citibank, N.A.  
Commercial Bank of Ceylon PLC  
HSBC  
Prime Bank Limited  
Pubali Bank Ltd.  
Uttara Bank Ltd.

#### Auditors

S. F. Ahmed & Co.  
Chartered Accountants  
Associate Firm of Ernst & Young  
House # 25, Road # 13A, Block-D  
Banani, Dhaka-1213  
Phone: 9894026, 8833327  
Fax: 88-02-8825135

#### Corporate Website

[www.deltabrac.com](http://www.deltabrac.com)

#### Corporate E-mail

[dbh@deltabrac.com](mailto:dbh@deltabrac.com)



**DBH**

Because every family  
needs to belong.



## Profile of the Board of Directors



***Faruq A Choudhury***

**Mr. Faruq A Choudhury** is the Chairman of the Board of Directors of the Company. Born in 1934, he joined the then Pakistan Foreign Service in 1956, after having graduated with Honours in English. Subsequently, as a part of his training programme, he studied International Law at the Fletcher School of Law and Diplomacy, Tufts University, USA. He also underwent training at the Foreign Service Institute Washington DC and at the British Foreign Office in London. He read the French Language at the Alliance Francaise in Paris.

Mr. Choudhury had diplomatic assignments in Rome, Beijing, The Hague and Algiers before being posted as a Director at the Pakistan Foreign Office. After the emergence of Bangladesh, he was appointed as the Chief of Protocol and later served as Deputy High Commissioner in London and Ambassador to the UAE in Abudhabi and as Ambassador to the then EEC and Benelux countries in Brussels. Later he was appointed as Additional Foreign Secretary in 1982. From 1984 to 1986 he was Foreign Secretary and when SAARC was launched in 1985, he served as the Secretary General of the first SAARC summit. In 1986, he was appointed as High Commissioner to India in New Delhi from where he retired in 1992.

He took over as Adviser BRAC in 1992 and served in that capacity till 2006. He is a Member of the Governing Body of BRAC and Member of the Board of Trustees of BRAC University.

He has been a Director of DBH, nominated by BRAC, since 1996.

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**Muhammad A. (Rumee) Ali**



**Dr. Syed Mukarram Ali**

**Mr. Muhammad A. (Rumee) Ali** served at different levels in local and international banking sector. Prior to joining in BRAC, he served as the Deputy Governor of Bangladesh Bank. With his appointment as Country Head and General Manager of Grindlays Bangladesh in March 1997, Mr. Ali became the first Bangladeshi to head a major international bank in Bangladesh. In July 2000, following the takeover of ANZ Grindlays by Standard Chartered Bank, Ali was appointed the CEO of the Standard Chartered Group in Bangladesh, heading both Standard Chartered Bank and Standard Chartered Grindlays Bank. His banking experience includes stints in India, United Kingdom and Australia. Mr. Ali was elected a Fellow of the Bangladesh Institute of Bankers in 2001.

Mr. Ali is the Chairman of BRAC Bank Limited, BRAC EPL Investments Limited, BRAC EPL Stock Brokerage Limited, bKash Limited and Documenta TM Limited and is a member of the boards of several organizations including International Chamber of Commerce, Bangladesh. He is also a member of Global Steering Committee of the 'Performance Based Grants Initiative' of the International Finance Corporation and the Technical Advisory Committee of Bangladesh Investment Climate Fund. At present, he is the Vice Chairman of Bangladesh Association of Banks and Vice President of Bangladesh Employers Federation. He received a number of awards including C. R. Das Research Council Gold Medal for 'Banker of the year-1995', Atish Dipanker Award for Banking-2000, 'CEO of the Year -2000' by Junior Chamber International, Bangladesh and Sorojini Naidu Award for Banking-2008. Mr. Ali received his B.A. (Honours) and M.A. in Economics from Dhaka University. Mr. Ali was born in Dhaka, Bangladesh in 1951.

He has been a Director of DBH, nominated by BRAC, since 2007.

**Dr. Syed Mukarram Ali** is a Professor of Pathology, and did his M.B.B.S from University of Dhaka, M.Phil from University of Karachi, DCP from University of London, completed FRCPath. from Royal College of Pathologists, London and DPath. from Royal College of Physicians & Surgeons, London. He is honorary Fellow of Bangladesh College of Physicians & Surgeons.

Dr. Ali has worked in Bangladesh, UK and Kuwait during his long and distinguished medical career. He is an active member of International Academy of Pathology (Brit. Division) & Association of Clinical Pathology (UK), and a former President of the Bangladesh Society of Pathologists. He is presently the Chairman, Governing Body of Delta Medical College and Chairman & Managing Director of Delta Hospital Limited. He is also a sponsor Director and Chairman-Executive Committee of the Board of Directors of Delta Life Insurance Company Ltd.

He has been a Director of DBH, nominated by Delta Life Insurance Company Limited, since 1996.



**Nasir A. Choudhury**



**Nurul Huda**

**Mr. Nasir A. Choudhury**, Managing Director and Chief Executive Officer of Green Delta Insurance Company Limited has been in the insurance profession for over the last 50 years. For his outstanding contribution towards the development of the insurance industry in Bangladesh, Mr. Nasir A. Choudhury recently received the life time achievement award by DHL and the Daily Star under Bangladesh Business Award-2009. After obtaining his Masters Degree from the University of Dhaka, he started his career in Karachi in the then Pakistan Insurance Corporation in 1958. Mr. Choudhury received advanced training in insurance and reinsurance from UK and Germany during 1961 and 1962. After liberation of Bangladesh, he was responsible for arranging reinsurance for the newly established Bangladesh Insurance Corporation and subsequently for Sadharan Bima Corporation as General Manager.

Mr. Choudhury is an executive committee member of Federation of Afro-Asian Insurers & Reinsurers (FAIR). He was the Honorable Insurance Advisor of Bangladesh Biman and Bangladesh Shipping Corporation for decades. A widely travelled person, Mr. Choudhury is intimately associated and acquainted with leading personalities in the insurance and reinsurance markets in UK, Germany, France, Switzerland, Middle East, Africa, Malaysia, Japan, Korea, Singapore etc. He was the Chairman of Bangladesh Insurance Association, the official body of all the private sector insurance companies of the country from 2001 to 2005.

Mr. Choudhury is one of the sponsors of Union Capital Ltd. and Director of Progressive Life Insurance Co. Ltd. and Chairman & Managing Director of Nascom (Pvt.) Ltd. Mr. Choudhury is also a Committee Member of the Metropolitan Chamber of Commerce & Industry and Executive Committee Member of Bangladesh Insurance Association. He was the Member of Advisory Committee, Securities & Exchange Commission, and Governing Body of Bangladesh Insurance Academy.

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

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**Mr. Nurul Huda** did his M. Com in Management from the University of Dhaka. He is involved so far with a number of reputed business ventures and enterprises. He is a Sponsor Director as well as Chairman-Building & Business Development Committee of the Board of Directors of Delta Life Insurance Company Limited. He is also a Director of Delta Hospital Ltd.

He has been a Director of DBH, nominated by Delta Life Insurance Company Limited, since 2006.

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**Mohammed Syedul Islam**



**Pradeep Kumar Mukherjee**

**Mr. Mohammed Syedul Islam** holds Honours and Masters degree in Geography from Rajshahi University. He also has a Banking Diploma (BAIBB) from the Institute of Bankers, Bangladesh. Mr. Islam is a retired banker with extensive work experience both in Bangladesh and abroad. He is a Sponsor Director and the Chairman- Audit Committee of the Board of Directors of Delta Life Insurance Company Limited and also a Sponsor Director of Delta Hospital Limited.

Mr. Islam is a life member of the Institute of Bankers, Bangladesh.

He has been a Director of DBH, nominated by Delta Life Insurance Company Limited, since 2005.

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**Mr. Pradeep Kumar Mukherjee** holds a Bachelors degree in commerce and is a member of the Institute of Chartered Accountants of India. He has been working, since 1987, in different capacities for Housing Development Finance Corporation Limited (HDFC), the largest housing finance institution in India. He is presently working as the Sr. General Manager, Eastern Region of HDFC. His current responsibilities include oversight of operation and administration of the HDFC branches in Eastern and North-Eastern region of India including West Bengal, Orissa, Assam, Bihar and Jharkand.

He has been a Director of DBH, nominated by HDFC Investments Limited, since 2002.

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**Ishtiaq Mohiuddin**



**M. Muhibur Rahman**

**Mr. Ishtiaq Mohiuddin** is the Director Microfinance of BRAC since June 2009. Mr. Mohiuddin graduated with a BSc (Accounting) degree and did MBA from the Southeastern Louisiana University, Hammond, Louisiana, U.S.A. He joined BRAC as MELA Manager (Micro Enterprise Lending & Assistance) and worked for almost 5 (five) years.

Mr. Mohiuddin went abroad in January 2000 and worked at different International Banks and Financial Institutions for almost 7 (seven) years. He also received extensive training in the relevant field at home and abroad. He joined at FINCA International, USA as Country Director after that worked for Caribbean Microfinance Limited as Regional Manager- Eastern Caribbean and Scotiabank & TD Bank, Toronto as credit analyst. He was also Independent Consultant of ShoreCap Exchange, Chicago, U.S.A., prior to joining BRAC finally in June 2009.

He has been a Director of DBH, nominated by BRAC, since 2010.

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**Mr. M. Muhibur Rahman**, Sponsor Director and Immediate past Chairman of Green Delta Insurance Company Limited (GDICL). Currently he is the Chairman of the Executive Committee (EC) of the Company. He is a prominent businessman and social leader of Sylhet.

M. Muhibur Rahman did his B.A (Hons) in 1963 and M.A in 1964 from Dhaka University and took business as career. He was a Director of Popular Insurance Co. Ltd. of Pakistan. He was also a member of the Board of Directors of Agrani Bank and a Sponsor Director of Delta Life Insurance Co. Ltd. He was one of the founders of one of the oldest cold storage of East Pakistan. He has been an active member of Sylhet Chamber of Commerce & Industry for the last 42 years and was connected with Federation of All Pakistan Chamber of Commerce & Industry for some time. After Independence he was also associated with Federation of Chamber of Commerce & Industry (FBCCI) for long time.

Mr. Muhibur is the founder of Piyangool Kalimullah High School established in 1973 and advisor of Shalutikor College and connected with many educational institutions of Sylhet. He is a life member of Sylhet Press Club for last 27 years.

M. Muhibur Rahman is the founder Vice President of Sylhet Diabetic Association (Hospital), one of the founders of Lion Children Hospital, founder Treasurer of Heart Foundation Sylhet, Executive member of NATAB and President of Bangladesh Family Planning Association (FPAB) Sylhet.

He is also a member of TIB's Committee of Concerned Citizens, Sylhet and member, Dhaka University Alumni Association and some other socio-economic organizations of the country.

He has been a Director of DBH, nominated by Green Delta Insurance Company Limited, since 2011.

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***Quazi Mohammad Shariful Ala***

**Mr. Quazi Mohammad Shariful Ala** is the Managing Director & CEO of the Company. Mr. Ala graduated with a BSc (Economics) first class honours degree from the London School of Economics (LSE), University of London. He worked in the London office of Price Waterhouse and qualified as a member of the Institute of Chartered Accountants in England & Wales in 1984. He is also a member of the Institute of Chartered Accountants of Bangladesh. Prior to joining DBH, he was the Finance Director of Green Delta Insurance Company Limited. He has more than 29 years of corporate management experience primarily in the financial services sector both in Bangladesh and in the United Kingdom. He is also a non-executive Director on the Boards of several prominent companies, including BRAC Bank Limited and MJL Bangladesh Limited.

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

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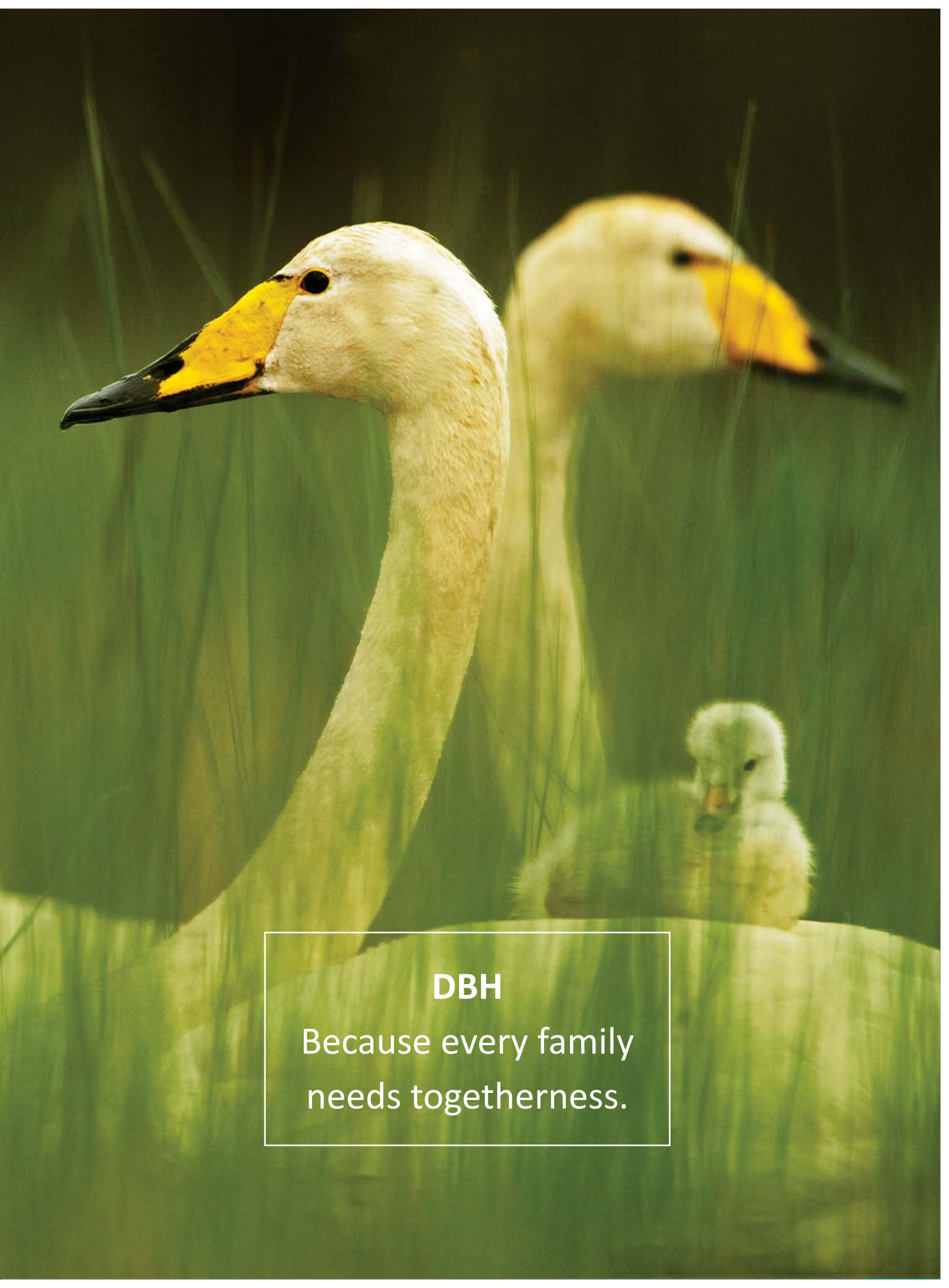
## Board Committees

### Executive Committee

Muhammad A. (Rumeel) Ali  
Nurul Huda  
Ishtiaq Mohiuddin  
M. Muhibur Rahman  
Q. M. Shariful Ala  
Managing Director & CEO

### Audit Committee

Nasir A. Choudhury  
Dr. Syed Mukarram Ali  
Faruq A Choudhury  
Mohammed Syedul Islam  
Q. M. Shariful Ala  
Managing Director & CEO



**DBH**

Because every family  
needs togetherness.



## Management & Executives



**Q. M. Shariful Ala**  
Managing Director & CEO



**Tanvir Ahmad**  
Head of Human Resources



**Nasimul Baten**  
Head of Operations



**A. K. M. Tanvir Kamal**  
Head of Credit



**Md. Hassan Iftexhar Yussouf**  
Head of IT



**Saiyaf Ejaz**  
Head of Recovery &  
Administration



**Md. Zakaria Eusuf**  
Senior Manager &  
Head of Branch



**Syed Aminul Islam**  
Financial Controller



**Ashfakul Islam**  
Senior Manager - IT





**Dominic D' Cruze**  
Head of Marketing &  
Customer Management



**Moahedul Mowla**  
Senior Manager &  
Head of Branch



**Md. Golam Rosul**  
Branch Manager



**Tabassum Samad Chowdhury**  
Manager - Deposits



**Md. Fakrul Amin**  
Manager - Legal



**Khandaker Imran Habib**  
Manager - Sales



**Khandaker Satil Sayeed**  
Manager - Internal  
Compliance



**A. H .M. Mostofa Kamal**  
Manager - Technical

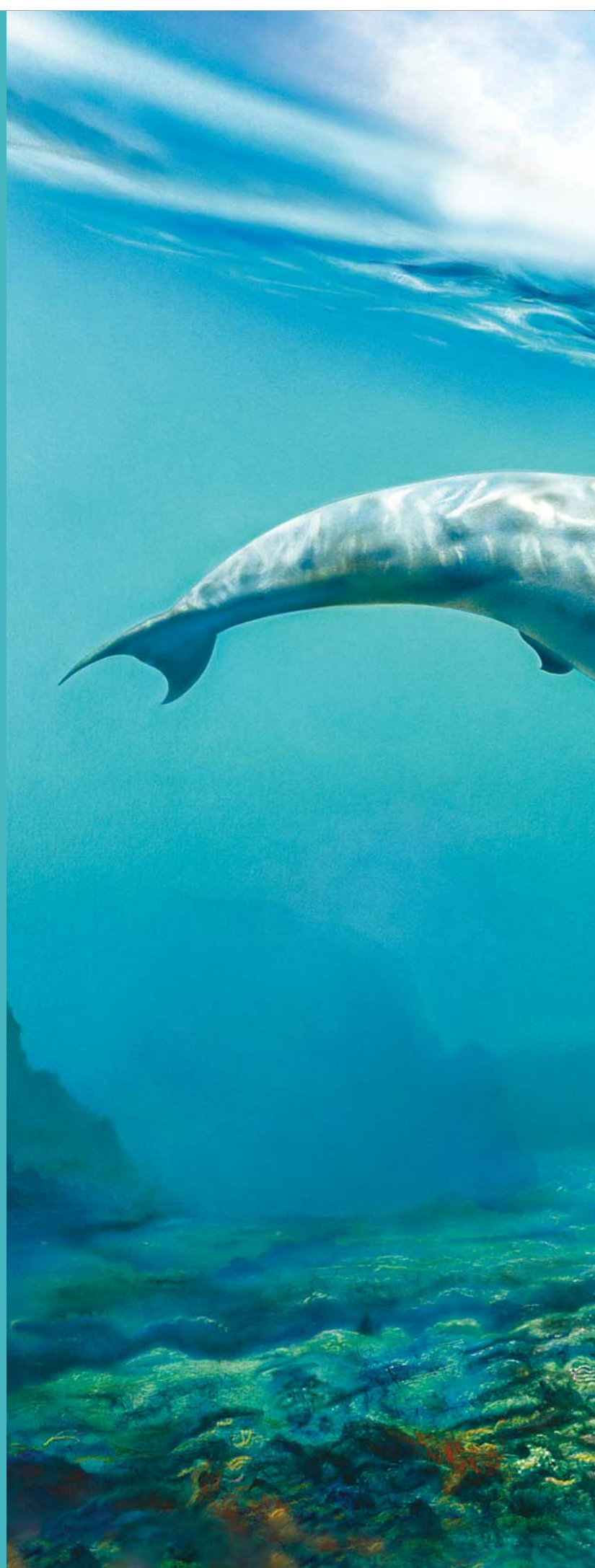


**Md. Ariful Bari Rumi**  
Branch Manager

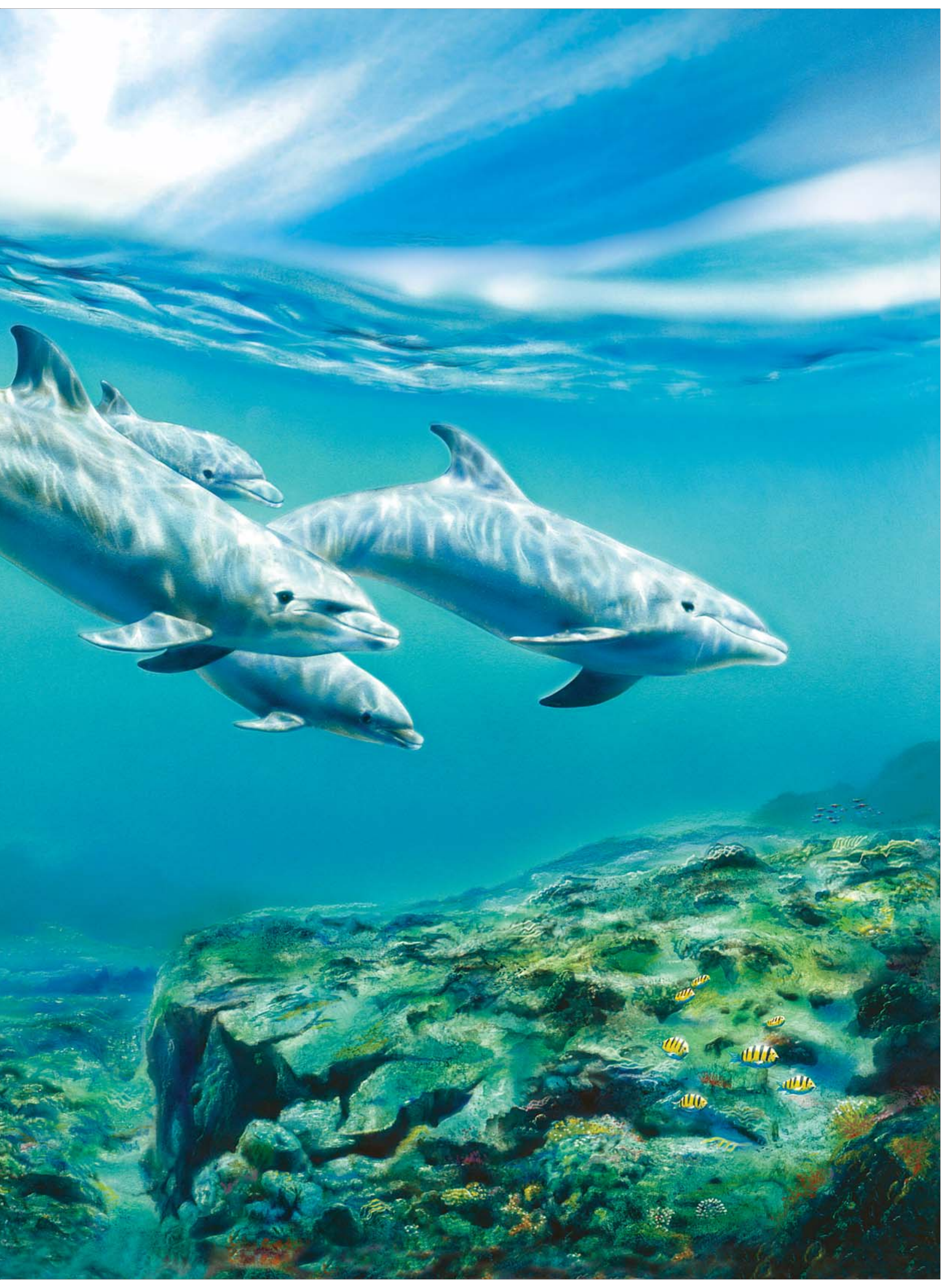


**Jashim Uddin**  
Company Secretary

**DBH**  
Because every family  
needs enjoyment.







## Operational Highlights

(Million Taka)

Particulars	30-Jun-07	30-Jun-08	30-Jun-09	30-Jun-10	30-Jun-11
Loan approvals	2,998	4,634	5,197	7,006	6,128
Loan disbursements	2,858	4,002	5,327	7,158	6,460
Cumulative disbursements	12,050	16,052	21,379	28,537	34,997

## Financial Highlights

(Amount in Million Taka Except Ratios, EPS and BVPS)

Particulars	30-Jun-07	30-Jun-08	30-Jun-09	30-Jun-10	30-Jun-11
Profit before tax	260	342	433	640	907
Profit after tax	134	176	234	307	502
Shareholders' fund	638	843	1,067	1,305	1,756
Total deposits	5,799	6,764	9,846	12,630	13,308
Long term borrowing	1,611	2,278	3,312	5,351	7,131
Housing loan portfolio	7,387	9,818	13,249	17,721	21,115
Total balance sheet size	9,819	11,012	16,386	22,049	24,501
NPL ratio (%)	0.15%	0.18%	0.12%	0.11%	0.14%
Return on equity (average equity)	45.54%	46.25%	45.34%	53.98%	59.26%
Earnings per share	56	47	55	59*	98
Book value per share	214	212	240	239*	328

\* Restated Figure

## Financial Highlights as required by the Bangladesh Bank

(Million Taka)

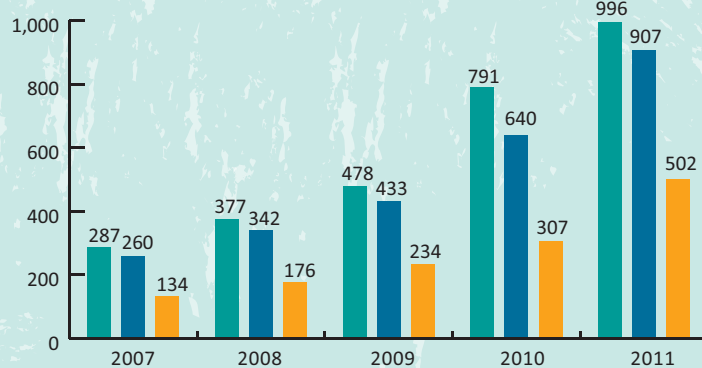
Particulars	30-Jun-11	30-Jun-10
Paid up capital	504.60	403.69
Total capital	1,756	1,305
Capital surplus/(deficit)	1,256	1,055
Total assets	24,501	22,049
Total deposits	13,308	12,630
Total loans & advances	21,669	18,063
Total contingent liabilities and commitments	455	417
Credit deposit ratio (times)	1.51	1.34
Percentage of classified loans against total loans and advances	0.14%	0.11%
Profit after tax & provision	502	307
Amount of classified loans during current year	17.84	6.80
Provision kept against classified loans	17.84	6.80
Provision surplus/ deficit	229.20	174.92
Cost of fund	8.92%	9.55%
Interest earning assets	23,666	20,670
Non interest earning assets	835	1,379
Return on investment (ROI)	59.26%	53.98%
Return on asset (ROA)	3.90%	3.33%
Income from investment	272	161
Earnings per share	98	59*
Net income per share	98	74
Price earning ratio	24	31

\* Restated Figure



## Profits

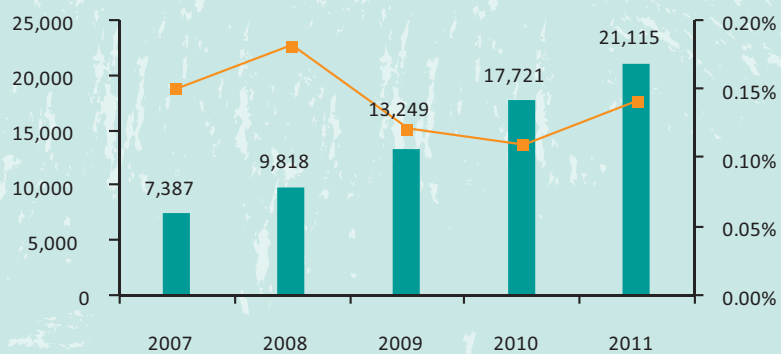
Million Taka



■ Operating profit before provisions ■ Profit before tax ■ Profit after tax

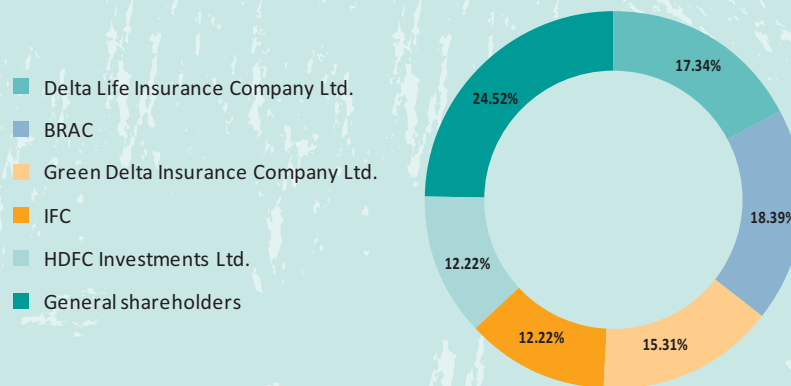
## Housing Loan Portfolio & Performance

Million Taka



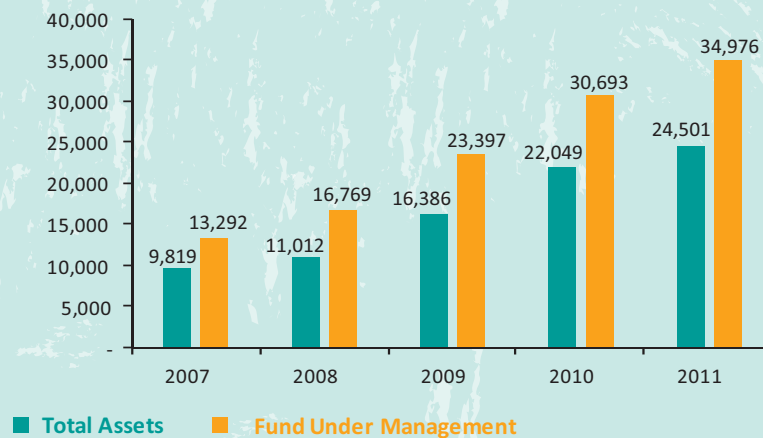
■ Housing Loan ■ NPL (%)

## Shareholding Pattern



## Total Assets & Fund under Management

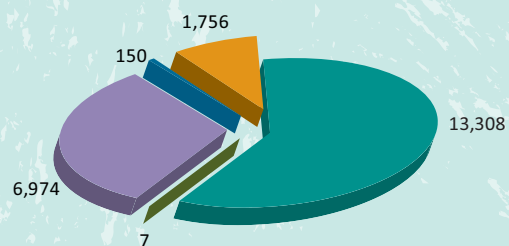
Million Taka



## Funds Employed

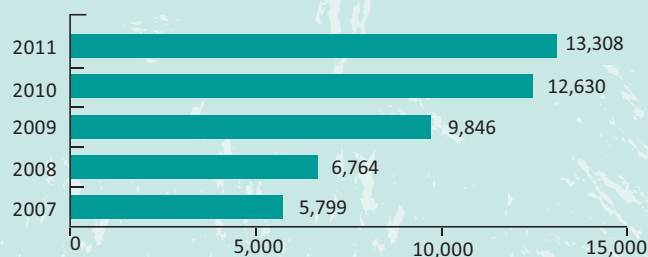
Million Taka

- Deposits
- Subordinated loans
- Long term loans
- Zero coupon bonds
- Net worth



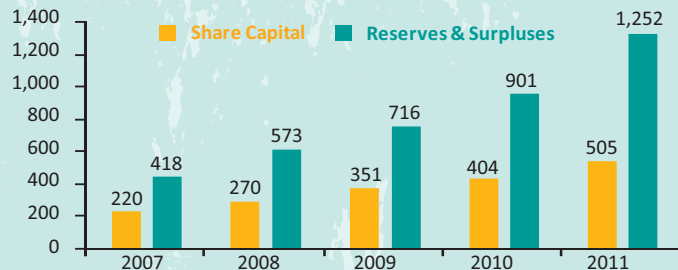
## Deposits

Million Taka



## Equity

Million Taka



**DBH**

Because every family  
needs warmth.



## Message from the Chairman



“Our performance in the year 2010 – 2011 showed once again the resilience of DBH in difficult market conditions”

It is a great pleasure for me to welcome you all to the 15th Annual General Meeting (AGM) of the Company. On behalf of the Board of Directors, I would like to take this opportunity to express my heartfelt gratitude to you all for the continued confidence and trust that you have placed in us and in our endeavors.

Our performance in the year 2010 – 2011 showed once again the resilience of DBH in difficult market conditions. Our service quality together with our financial strength, conservatism and our straightforward character stood us in good stead.

Our strategy to attract customers through transparent and competitively priced services was successful during the year. Despite the fierce competition from the commercial banks and overall slowdown of sales in the real estate sector, housing loan portfolio of DBH was up 19% to Tk. 21.11 billion. Total assets employed increased by 11% to Tk. 24.50 billion as on June 30, 2011. Presently, DBH had funds under management in excess of Tk. 34.98 billion and remained the market leader in terms of retail home loan disbursements during the recent years.

Our operating profit before provisions grew by 26% to Tk. 996 million. Our earnings per share have increased by 66% per share. The board has recommended @100% stock dividend i.e. one bonus share for each ordinary share held. The quality of our assets continues to be strong with non-performing loans remaining below 0.15 %.

You are aware of the fact that DBH has retained its highest credit rating 'AAA' (triple A) for the 5th consecutive year. As a matter of fact, among all local banks and financial institutions, DBH is the only one to have received the highest credit rating.

Financial institutions are an indispensable intermediary in the conversion of savings into investment and it is hard to see that a successful market economy can function without a vigorous



and healthy non-bank financial institution sector.

The role of the housing and real estate sector in the national economy is significant. Its backward and forward linkages are so inevitable for any economic development that there is no strong economy in the world that does not have a strong real estate and housing sector.

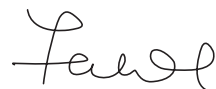
Since its inception DBH is playing its due role in the growth of the housing sector especially to increase home ownership in the urban areas of the country. We can claim that the Company contributed substantially to enhance the home ownership levels especially of the middle and lower middle income population during the last over one decade. The Company strives continually to ensure quality service to the clients by anticipating their needs and providing effective and innovative solutions.

One key constraint facing the real estate sector is shortage of serviced land in the urban areas for building multi-family housing units. Acute shortage of land has resulted in very high land price, making it increasingly difficult for many families to make the dream of their own house a reality. It is not possible for the developers to make the apartments affordable to a larger clientele unless the cost of the land is brought down to a reasonable level. In this connection, the Government should come forward and increase the supply of serviced land to the developers for building multi-family houses; and thereby make it possible for the housing finance companies to lend to an ever-increasing clientele.

A level playing field is essential if the housing finance institutions are to serve a growing clientele and play their due role in national development. We are at a disadvantage vis-à-vis the commercial banks in terms of the costs of funds. Currently we are competing with the commercial banks who have access to low cost

funds through current and savings accounts. Financial Institutions do not have access to such cheaper source of funds and the present financial market is also not conducive enough for FIs to mobilize long term affordable funds. This arrangement does not allow much scope to reduce the cost of funds and consequently the interest rate charged. Under the circumstances, in order to ensure a healthy growth of the private housing finance sector, the authorities should take necessary measures to generate healthy competition between the banks and non-bank financial institutions.

Our principal objectives for 2011–2012 are to broaden our customer base and to deepen the relationship we have with our customers, harnessing the growing strength of the DBH brand and our core competency. With increasing competition, the outlook for 2011–2012 is challenging. The DBH brand is increasingly well known and respected around the country. Our core competency gives us a major competitive advantage. With our strengths of a conservative balance sheet with good liquidity, high quality portfolio and a strong capital adequacy ratio, we are well placed to seek out, and take advantage of the opportunities which undoubtedly will arise in the future.



**Faruq A Choudhury**  
Chairman







**DBH**

Because every family  
needs to share.



## Directors' Report

### Dear Shareholders,

The Directors of Delta Brac Housing Finance Corporation Ltd. have the pleasure in presenting the Directors' Report of your Company together with audited accounts for the year ended 30th June 2011.

### Bangladesh Economy

Bangladesh economy was on buoyant growth path to attain 6.7 % real GDP growth targeted in the FY11 national budget and reached very close to it at 6.66 % in FY11. Exports grew strongly by 41 % year on year in FY11, supported by the continuing post-slowdown global recovery and generally aided by rising external demand for readymade garments and knitwear products, and a strong demand recovery for jute and jute goods, footwear, leather, and frozen food in world markets. Year on year import growth in FY 11 was also strong and grew at same pace of 42 %.

High credit growth continues keeping market liquidity in Taka under pressure, necessitating REPO fund injection by Bangladesh Bank. Annual average CPI inflation picked up to 8.21 % and 8.36 % respectively in February and March 2011, after remaining stable (8.12 %-8.14 %) in the preceding four months and closed at 8.80 % in June 2011 as against 7.31 % in the same period of last fiscal year. To contain inflationary pressure resulting from high oil and food prices in the international markets and domestic markets the REPO and Reverse REPO rates were increased more than once.

Interest rate caps on bank lending introduced earlier in the backdrop of global slowdown became untenable in the changed context of high and rising credit demand as economic activities speeded up in FY11; and in March 2011 Bangladesh Bank initiated phase out of these caps, beginning with loans other than industrial term loans and loans for export, agriculture, essential edibles import. Liquidity management, credit deposit ratios and asset liability maturity mismatches in banks came into BB's intensive supervisory attention in FY11. Also, as in the preceding quarters, Bangladesh Bank's financial inclusion drive kept on emphasizing channeling of credit to productive pursuits, simultaneously with discouragement of credit flows to unproductive speculative uses. And an emphasis on credit to agriculture sector has increased the disbursement amount in the sector in the current fiscal by 10 %.

Country's remittance inflow faced ups and downs in the FY11 reaching to US\$11.65 billion as against US\$ 10.98 billion of last year. The remittance inflow experienced negative growth in Q1FY11 and recorded only 6.03% growth at the end of FY11; hence it is remarkable that in spite of some risk factors like political unrest in some countries including middle-east and natural disaster in Japan, the inflow of workers' remittance managed to rebound in the positive growth.

The capital market in Bangladesh continued to rally in 2010 with all the indices reaching all time highs. The number of new entrants in to the capital markets also rose significantly, although the supply of good scripts was much lower than required. In addition, the lack of investment opportunities in the real economy, which appeared to be sluggish mainly because of the energy shortfalls, caused increased money flow into the capital market, which in turn, was further accentuated by aggressive credit expansions by banks/FIs. As a result, the DGEN rose to all time high of 8918 points with turnover of Tk. 32,496 million on December 5, 2010.

Although a market correction had been anticipated for some time, the pace of the final correction exceeded all expectations. The weak underlying fundamental, acute liquidity crisis in the financial sector,



regulatory restriction on aggressive credit expansions and capital market exposures, deficit in Balance of Payment due to steep growth of import, rising inflationary pressure- suddenly combined to deteriorate confidence and accelerated the fall.

The regulators undertook numerous initiatives, such as raising margin loan ratio, withdrawal of Net Asset Value (NAV) based margin loan calculation, introduction of index circuit breaker, rescheduling of trading hour from 4 hours to 2 hours etc. to stabilize the market but nothing worked. In January 2011, the DGEN witnessed a record slide of 635 points on a single day with a record increase of 1,012 points on the very next day. By the middle of January 2011, trading was also halted for several times. And as of June 30, 2011, DGEN closed at 6,117.23 having declined 2,800.77 points or 31.40% from its historic peak of 8,918 points on December 05, 2010.

#### Performance of Financial Sector in 2010-11

Central Bank continued its reform activities this year to strengthen the financial performance of the banks and FIs. The capital adequacy ratio as of December 2010 of all scheduled banks has stood at 9.31% which is 1% higher than September 2010. The percentage share of classified loan to all banks' total outstanding investment was reduced to 7.14% at this fiscal year end from 8.67% of the last fiscal end. As of December 2010 total loans and advances of all Financial Institutions stood at Taka 17,809 crore of which classified loan was 5.92%.

In order to counter any potential risk in the business venture and thus build expertise in this regard, Bangladesh Bank is also regulating all Financial Institutions with Commercial Banks in maintaining required level of capital vide incorporating the Basel II for them from January 2012. Presently, Financial Institutions are going through the trial run process of the Basel II implementation.

In order to safeguard the depositors' interest from the risky ventures taken by the banks and financial institutions, Bangladesh Bank has initiated different measures throughout the year. Recently revised guidelines on stress testing is circulated making it more aligned to Basel II for the commercial banks for better effectiveness in assessing vulnerability of the banks on any potential risks.

With the objective of controlling money supply in the market with soaring inflation, Bangladesh Bank has revised the rate of REPO and Reverse REPO by 100 basis points from August 2010. As a result, money supply has reduced to some extent and weighted average call money rate has gone up to 6.58% in August 2010 and 8.21% in September, 2010. As the inflation continued to rise, the rates were again revised on March 2011 by 50 basis points, April 2011 by 25 basis points and lastly on June 2011 by 50 basis points.

Cap on interest rate on all types of lending except agriculture and long term lending has been withdrawn in line with the changed scenario on the global crisis to make it mark to market.

Many Banks invested heavily in capital market in the year 2010 and earned huge investment income, their active participation in the market inflated the share prices and call money rates. Now the Central Bank has strengthened its monitoring in the capital market investment of banks and financial institutions by rigorously ensuring the implementation of the existing rules, regulations and simultaneously issuing new circulars. The commercial banks' exposure to the capital market has declined in recent months following continuous monitoring by the Central Bank. In an apparent bid to put a leash on a volatile stock market and minimize banks' risks, the Central Bank increased the rate of general provisioning requirement for

unclassified loans extended against shares. In a circular in mid 2010, the Bangladesh Bank asked the banks to maintain a 2.0% general provision, instead of the previous rate of 1.0%, for unclassified loans to brokerage houses, merchant banks, stock dealers and individuals against shares.

In February, the Bangladesh Bank set June 30 as deadline for bringing down the CDR (Credit Deposit Ratio) of commercial banks to an authorized level. According to a central bank directive, the banks must maintain a CDR of 85 %, while it is 90 % for Islamic banks, capping their investment limit. Bangladesh Bank has also initiated necessary corrective and preventive supervisory steps against lending discipline lapses. In December 2010, 50 % margin requirement was made mandatory on all consumer financing.

### **Real Estate Sector and Housing Finance Market**

The real estate sector ended with a sluggish note after going through a bad spell in the latter months of the financial year 2010-11. The sales of apartments have come down significantly in recent months. Apartment prices have gone up continuously in last few years. The high price of the apartments makes it unaffordable for the middle income group clients. The prevailing uncertainty regarding electricity and gas connections also created doubt among the potential buyers. According to REHAB, few thousand apartments are now ready, but the buyers are not taking hand over because lack of electricity and gas connections. Government has recently declared to start giving electric connections to the apartment projects, which will gradually help to ease up the situation. The recent slump in the capital market also played its role in the stagnant situation in the real estate market. Sales in the Non Resident Bangladeshi (NRB) front also down because of the slow progress of the economies from the global financial crisis. The recent unrest in the Middle-east countries will also have negative impact on remittance inflow and will also affect sales of apartments and housing plots to this segment. Government imposed wealth tax in the last National Budget, which may have adverse effect on the already struggling real estate sector in the near future.

Dhaka as the capital city of the country has experienced an unprecedented increase in real estate price for lack of serviced land compared to demand as before. The age old land record system, cumbersome land transfer procedure made the whole system unmanageable in the city where the land-man ratio is among the lowest in the world. Real estate companies are developing housing projects all over the city, driving up the land price, as they compete with each other for land at attractive locations.

The Parliament passed the Real Estate Management and Development Bill 2010 in September 2010. The new law has provisions for fines as well as imprisonment depending on the magnitude of wrong doings. The Government has taken the initiative to enact the law to bring discipline in this particular sector by protecting the interest of all the stakeholders. It is expected that the Bill will bring qualitative change in the real estate sector.

In the home loan market, the loan disbursements have come down compared to last year. Slow sales of the developers is one of the primary reasons for this decline. Banks and Financial institutions also faced liquidity crunch and they have slowed down the disbursement of the loans. Also the high cost of deposit mobilization has discouraged Financial Institutions to invest in this sector because the lending rate in housing sector is not giving them desired level of return. Increased lending rate is also slowing down origination of home loans. The closure of Bangladesh Bank refinance scheme for housing loan also contributed for the decline in housing loan disbursement.

The housing finance market remains very competitive throughout the year, as most of the banks including the multinational banks are competing with the NBFIs in the mortgage market. Banks are using their huge advantage of access to low cost fund and they are triggering price competition. Financial Institutions (FIs) do not have access to such cheaper source of funds. Furthermore, present financial market is also not conducive enough for FIs to mobilize long term affordable funds. This arrangement does not allow much scope to reduce the cost of funds and consequently the interest rate charged. To create a level playing field, the authorities may mediate and take necessary measures to generate healthy competition among the participants in the market.

### Highlights on Financial Performance

The comparatives on the financial performance of the Company for twelve-month period to June 30, 2011 are presented as below:

Particulars	30-Jun-11	30-Jun-10	Growth %
	(Million Taka)		
Operating revenue	3,065	2,583	19%
Interest expenses	1,800	1,546	16%
Operating expenses	269	246	9%
Profit before provisions	996	791	26%
Profit before tax	907	640	42%
Net profit after tax	502	307	63%

The increased profitability of the Company can be seen in the growth of profit figures. At the close of June 30, 2011 profit before tax has grown at a rate of 42% over the previous year and reached Taka 907 million.

Operating revenue of the Company has increased by 19% over the last year's figure of Taka 2,583 million to Taka 3,065 million in the twelve month of FY 2010-11. During the FY 2010-11 interest income has grown at the rate of 16% from the previous year. However, the income from investment has experienced a significant rise this year and contributed around 9% of the total operating revenue.

Net Interest Income of the Company has exceeded the corresponding figure of last year at the rate of 17%. As a result, the net interest income stood at Taka 890 million compared to last year's figure of Taka 764 million.

### Dividend

The Bangladesh Bank has made it mandatory for all Financial Institutions in Bangladesh to have a minimum paid up capital of Tk. 1.00 billion and the requirement to be fulfilled by June 2012.

In order to do so your directors has also approved distribution of recommended 100% stock dividend amounting to Taka 504,562,500 from the following component of undistributed profit as per allocation mentioned below.

Retained earnings	Tk. 284,562,500
Contingency reserve	Tk. 210,000,000
General reserve	Tk. 10,000,000
	<b>Tk. 504,562,500</b>

### Home Loan Operational Performance

In its constant drive to provide affordable products and services to all the customers, Delta Brac Housing Finance Corporation Ltd. kept on lending in a large scale to the housing finance sector. Although uptake has been slower than last year comparatives, with appropriate strategy in new difficult circumstances created by the liquidity crisis and existing price cut competition in the market, the Company's loan book in housing finance grew at a rate of 19% to Taka 21,115 million. DBH's asset quality continued to be stable at a low during the year, with gross NPL ratio to 0.14% only (DBH policy).

During the year, the disbursement slowed down compared to last year but your Company has safeguarded its position as the Financial Institution with the largest market share considering the higher levels of competition in this market and prevailing liquidity crisis.

Total approvals during the year stood at Taka 6,128 million as against Taka 7,006 million in the previous year, slowed down by 13% from last year comparatives. Total disbursement at the end of FY 2010-11 was Taka 6,460 million as against Taka 7,158 million of FY 2009-10. The closure of Bangladesh Bank Refinance Scheme for housing loan contributed for the decline in loan disbursements this year under review. Of the total disbursed loan in last year i.e. FY 2009-10 loan disbursed under Bangladesh Bank Refinance Scheme amounts to Taka 2,396 million which is 33% of the year's total disbursement. Besides, the prevailing uncertainty regarding electricity and gas connections also created doubt among the potential buyers. During the year under review, a total of Taka 3,077 million was received by way of repayment of principal on loans through monthly installments and redemption ahead of schedule. Gross non-performing loans as of June 30, 2011 have been fully provided for and additionally, as required by Bangladesh Bank, DBH has a loan loss reserve amounting to 1% of outstanding loans.

### Recovery

According to DBH's provisioning policy, nonperforming loan (NPL) stood at 0.14% in FY 2010-11. However, according to Bangladesh Bank categorization for nonperforming loan / industry practice of loan classification for FIs, NPL in the same period stood at Taka 17.84 million, which is merely 0.08% of the total outstanding loans. DBH maintains 100% provision against loans that are overdue for more than 6 months and any other accounts that are considered by Management as doubtful of recovery. Needless to say, these are the best figures in the industry. Also note worthy is the fact that during its entire tenure since inception, DBH has not written off any loans. That is a testament to the quality of the loan portfolio of the Company and also speaks volumes for its recovery strength.



## Funding Operations

Funding was a big challenge for all Financial Institutions in the last year. While the money market goes up along with the liquidity crisis in the market for a prolonged time through the year the Financial Institutions faced strenuous situation to maintain their usual operation.

The funding composition of the Company changed over time to reflect the market. But as before deposits took the lion share of the Company's funding mix. DBH deposit product line consists of various types of liability products sourcing resources from individual savers and corporate bodies. The deposit portfolio of the Company has stood at Taka 13,308 million.

Inclusion of two International Development Finance Institutions' fund has also smoothened the Company's operation and increase the size of its total funding. DBH received long-term loans worth Taka 2,341 million of which Taka 1,974 million came from foreign sourcing namely from FMO and TRIODOS of the Netherlands. Apart from that the shareholder's contribution in the mix has increased by more than 35% over last financial year. The Company is searching for new avenues of funding to meet up the increased appetite of its home loan wing on a continuous basis.

The funding status of DBH as of June 30, 2011 is presented below:

Source	Amount in
	Million Taka
Deposits	13,308
Subordinated loan	7
Long term loans	6,974
Zero coupon bonds	150
Net worth	1,756

## Treasury Operations

FY 2010-11 has been a testing year for DBH treasury wing as the liquidity position of the financial market experienced significant transformation during the period of July 2010 to January 2011. This was mostly a policy-induced change improvised by the regulatory authority to curb inflationary hike and control the aggressive growth of bank credit to unproductive sectors. To keep inflationary pressures in check by restraining expansion of the monetary base, Bangladesh Bank raised CRR and SLR for scheduled banks by 50 basis points from mid May 2010 and another 50 basis points from mid December 2010. The two consecutive rises in CRR and SLR coupled with decreasing trend in remittance and foreign aid inflow and increasing import payments created liquidity shortage in the overnight market. Banks raised deposit rates from around 8.00%-9.00% in May 2010 to 13.50%-14.50% in May 2011 to finance their fund scarcity. During the liquidity crunch of mid-December 2010 the market experienced unusually high spikes in overnight interbank interest rates and call money rates shot up to the level of 175%.

Predictably volatile overnight market prevented the treasury wing to pursue significant short term borrowing. However, temporary surplus of resources created due to significant long-term financing

received from international market and upward trend in overnight term deposit rates in the local market allowed treasury to earn lucrative return on the existing as well as new short-term investments.

### Investments in Securities

In the financial year 2010-11, DBH has continued its success in making significant profit from investments in marketable securities and other instruments. The capital market portfolio stands at Taka 335 million as of June 30, 2011. The Company also has an investment of Tk.160 million in long term bonds and Tk. 12 million in non-marketable securities. The earnings from this sector has reached Taka 272 million as on June 30, 2011, marked a 69% growth over the last year.

### Human Resources

DBH's finest investment is in the human resources as the Company believes that human resources are the building blocks on which the Company's performance and productivity are based. As human resources are one of the key success factors of the Company, DBH maintains its policy of recruiting the very best and implementing programs to develop, motivate and retain talented human resources.

DBH is committed to maintain a healthy work environment, free from discrimination based on gender, age, national origin, religion, marital status, or any other basis prohibited by law. Thus, the aim is to maintain workplace and environment conditions that permit employees to work to maximum effectiveness and to their full potentials. At DBH, effective internal communications and free flow of ideas, fairness, commitment, teamwork and highest standards of professional excellence and integrity are always appreciated.

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

Changing business environment, processes, customer preferences, numerous technology applications, compliance and regulatory requirements require training to be very crucial for the human resources development activity. DBH conducted several training programs in different functional areas as per individual employee requirement during the year. DBH also sent several employees for attending training overseas on different personal development programs for increasing their level of competency.

This financial year-end the number of employees increased to 169 from last year's 165.

### Information Technology

Now a days, adoption of information technology and continuous up gradation is essential for the participants of the financial sector. Delta Brac Housing Finance Corporation Ltd is no exception; it has created and is managing a strong platform for operational purpose through its separate IT department since inception of the Company.

In order to meet the demand of the customers, information needs of internal and external parties of the Company including increasing information requirement of regulatory authorities, DBH and its efficient IT

personnel have developed the system of uninterrupted flow of data and information. The Company has its own software to combine and integrate all the operations of the Company and to have efficient use of the information. In doing so trained and experienced team of the department has continuously involved themselves in maintaining IT infrastructure to update the recent changes, writing in-house programs to meet the needs of the Company's ever increasing requirements. IT Department has successfully implemented a Wide Area Network (WAN) to connect all of the premises on real-time basis, thereby providing seamless connectivity and prompt customer services.

The Company is driving to upgrade its IT platform regularly and making required investment to bring about changes in technological infrastructures to bring efficiency to its operation and have more satisfied customers.

### Risk Management

Risks can arise any time from uncertainty in the different aspects of operations in the financial sector. Every participant operating in this sector is exposed to various kinds of risk factors and to have appropriate strategies timely to manage those risks is crucial for successful entities. Several committees of the Board of the Company is engaged in foreseeing the risk factors properly and devise strategies well ahead to defuse them to safeguard its asset and uphold the shareholders interest. Asset Liability Management Committee (ALCO) is such a committee responsible for managing Market Risk and Balance Sheet Management. Asset Liability Committee (ALCO) monitors the interest rate movement on a regular basis to check the interest rate risk. ALCO also monitors the liquidity risk related issues and manage it to ensure that all foreseeable funding commitments and deposit withdrawals can be met when due.

Credit Committee (CC) on the other hand is responsible for the management of credit risk related issues that the Company may face from lending. The committee has the authority to formulate and implement various credit risk strategies including lending policies and strict adherence to it and also to monitor Company's credit risk management functions on a regular basis. Delta Brac Housing Finance Corporation Ltd also has an independent compliance department to identify any deviation in operation and ensure proper implementation of the company policies and strategies devised by the Board and Management from time to time and regulatory authorities to minimize the risk at the lowest level possible.

### Credit Rating

Delta Brac Housing Finance Corporation Ltd with its strong fundamentals has earned the highest credit rating award for the fifth consecutive year. Credit Rating Agency of Bangladesh (CRAB) reaffirms AAA in the long term and ST-1 in the short term rating of Delta Brac Housing Finance Corporation Limited in its latest entity rating done based on the Company's year end financials of 2010.

Rating Year	Long Term	Short Term
2006	AAA	ST-1
2007	AAA	ST-1
2008	AAA	ST-1
2009	AAA	ST-1
2010	AAA	ST-1

The rating reflects the Company's strength in consistently high earning generation, high asset quality as well as adequate internal fund generation. Financial Institutions rated AAA in the long term belong to "Extremely Strong Capacity & Highest Quality" category. Financial Institutions rated in the short term "ST-1" category are considered to have the highest capacity for timely repayment of obligations.

### **Corporate Social Responsibility**

Delta Brac Housing Finance Corporation Limited has been playing a significant part in the economic and social life of the country through extending help to families to build their own home which is one of the basic necessities of life. The Company would always like to remain focused on all areas that are likely to impact favorably the customers, the stakeholders, the employees and above all the society.

Housing is also a relatively expensive asset, often soaking up a lifetime's savings. The nature of DBH's business is by itself fulfillment of corporate social responsibility. Delta Brac Housing Finance Corporation Ltd. continues its support to increase home ownership. Besides, extending home loan to fulfill its motto the Company also carries out different other social activities. Employees of DBH took part in the volunteers- sponsorship home building activities launched by Habitat for Humanity International Bangladesh (HFHIB) at Kaligonj near Tongi.

Habitat for Humanity International Bangladesh (HFHIB), an internationally reputed non-government organization (NGO) with the financial assistance of DBH constructed low cost houses for the low-income families in Savar. DBH is the first among the country's financial institutions, which is supporting to build low cost houses for low-income families.

### **Corporate and Financial Reporting Framework**

The Members of the Board, in accordance with the Securities & Exchange Commission's Notification no. SEC/CMRRCD/2006-158/Admin/02-08 dated February 20, 2006; confirm compliance with the financial reporting framework for the following:

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



### Directors' Appointment & Reappointment

In accordance with the Articles of Association of DBH the following members of the Board will retire in the 15th Annual General Meeting from the office of the Directors of the Company by rotation and being eligible for re-election, they are seeking re-election to the Board:

- Dr. Syed Mukarram Ali (representing Delta Life Insurance Company Ltd.)
- Mr. Nasir A. Choudhury (representing Green Delta Insurance Company Ltd.)
- Mr. Nurul Huda (representing Delta Life Insurance Company Ltd.)

Green Delta Insurance Company Ltd. has nominated Mr. M. Muhibur Rahman as Director of the Company in place of their former nominee Director Dr. Kabir Hussain Choudhury. The Board of DBH approved the appointment of Mr. M. Muhibur Rahman as Director of the Company on September 15, 2011. As per Articles of Association of the Company, he will also retire from the Board in the 15th AGM and being eligible he is seeking re-election to the Board.


### Appointment of Auditor

M/S. S. F. AHMED & CO., Chartered Accountants has been reappointed as the statutory auditors for the financial year 2010-11 for the second term and since they are eligible for appointment for further one year term, the Board of Directors recommended to appoint them for the year 2011-12 as statutory auditors and Bangladesh Bank has also accorded its consent for the appointment. Now, the matter will be placed before the AGM for shareholders approval.

### Acknowledgement

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

For and on behalf of the Board of Directors



**Faruq A Choudhury**  
Chairman

## Photo Album



*Mr. Faruq A Choudhury, Chairman of Delta Brac Housing Finance Corporation Ltd. (DBH) addressing the 14th Annual General Meeting of the Company. It was also attended by Board Members and the general shareholders.*



*Board Members at the 14th Annual General Meeting of the Company.*



*14th Annual General Meeting of the Company attended by the general shareholders.*



*DBH rated the highest AAA for the 5th consecutive year. Mr. Hamidul Huq, Managing Director of Credit Rating Agency of Bangladesh (CRAB) handed over the Credit Rating Report to Mr. Q. M. Shariful Ala, Managing Director and CEO of DBH.*



*A team of employees of DBH, went to Kaligonj to join the day long home building activities of Habitat for Humanity International Bangladesh (HFHIB). They carried brick, sand and cement, mixed mortars and laid bricks for wall.*



*63rd Board Meeting presided over by the Chairman, Faruq A Choudhury recommending the dividend for the year 2010-2011.*



## Report on Corporate Governance

**[Report on Corporate Governance as per the guidelines of the Securities & Exchange Commission's notification dated February 20, 2006 and forms a part of the report of the Board of Directors]**

Corporate governance is about commitment to values and ethical business conduct. It is about how an organization is managed viz., its corporate and other structures, its culture, policies and the manner in which it deals with various stakeholders. Timely and accurate disclosure of information regarding the financial position of the Company, its performance and ownership forms part of the corporate governance. Corporate Governance is about promoting corporate fairness, transparency and accountability.

Corporate Governance deals with laws, procedures, practices and implicit rules that determine a Company's ability to take informed managerial decisions vis-à-vis its claimants – in particular, its shareholders, creditors, depositors, customers, the State and employees. There is a global consensus about the objective of "good Corporate Governance maximizing long-term shareholders value."

### Corporate Governance at DBH

DBH's corporate governance policies recognize the importance of the transparency to all its constituents; including employees, customers, investors, and the regulatory authorities demonstrating that the shareholders are the ultimate beneficiaries of the Company's economic activities.

DBH's corporate governance philosophy encompasses not only regulatory and legal requirements, including the SEC Regulations in respect of corporate governance, but also other practices aimed at a high level of business ethics, effective supervision and enhancement of value for all shareholders. DBH's role, function, responsibility and accountability are clearly defined. In addition to its primary role of monitoring corporate performance, the function of the Board includes approving a business plan, reviewing and approving annual budgets and borrowing limits, fixing exposure limits and ensuring that our shareholders are kept informed about our plans, strategies and performance.

To enable the Board of Directors to discharge these responsibilities effectively, the management provides detailed reports on performance to the Board on quarterly basis. The Board of Directors also functions through various committees such as the Audit Committee and the Executive Committee. These committees meet on a regular basis.

We do believe that the customer is the purpose of our business and every customer is an important stakeholder of the Company. We are performing ethically and efficiently to generate long-term value and wealth for all its stakeholders.

The Corporate Governance principles of the Company ensures that the Board remains informed, independent and involved in the Company and there are ongoing efforts towards better corporate governance to mitigate "non business" risks.

### 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.

### Internal Control and Compliance

DBH made relevant mandatory disclosure in its financial statements under the regulatory framework, including compliance with the provisions of International Financial Reporting Standard (IFRS) as adopted in Bangladesh. The annual financial statements have been audited by the reputed chartered accountants firm and issued unqualified audit reports for all the years of the operations. There is an Internal Compliance Department, which looks after compliance with the organizational policies by different departments.

### Board of Directors

The basic responsibility of the Board is to provide effective governance over the Company's affairs exercising its reasonable business judgments on behalf of the Company. The Company's business is conducted by its employees under the direction of the Managing Director and the overall supervision of the Board. The management ensures that all provisions of law are complied with. The management develops Company's strategy, coordinates it with the Board, and ensures its implementation. It ensures appropriate risk management and risk controlling measures throughout the Company.

The Board members have collective experience in diverse fields like finance, banking, insurance, economics, corporate laws and administration.

### Board Meetings

The Board of Directors meet at regular intervals with a formal schedule of matters specifically reserved for its attention to ensure that it exercises full control over significant strategic, financial, operational and compliance matters. The following information is given to the Board either as a part of the agenda of the meeting or by way of presentation during the meeting:

- Annual operating plans, budgets and performances
- Quarterly, half-yearly and annual results of the Company
- Minutes of the meeting of other committees of the Board of Directors
- Significant regulatory matters
- Detailed risk analysis and asset liability management report
- Details of Investments
- Detailed recovery and NPL statements
- Such other material and significant information

The Board performs following functions in addition to overseeing the overall business and management:

- Review, monitor and approve major financial and business strategies and corporate actions.
- Assess critical risks facing by the Company – review options for their mitigations.

- Ensures that the processes are in place for maintaining the integrity of:
  - o The Company.
  - o The financial statements.
  - o Compliance with law.
  - o Relationship with customers and shareholders.
  - o Delegation of appropriate authority to the Senior Executives of the Company for effective management of operations.

The dates of the board meetings are fixed in advance and the notices are served 14 days before the meeting to enable maximum attendance from Directors. During the year ended 30th June 2011, six [6] meetings of the Board of Directors were held.

#### Changes in the Board

Mr. Ishtiaq Mohiuddin was appointed as Director by the Board on October 31, 2010 in the casual vacancy of Late Mohammad Aminul Alam, nominated by BRAC. He was subsequently re-appointed by the Shareholders of the Company in the 14th AGM held on December 8, 2010.

Green Delta Insurance Company Ltd. one of the sponsors of the Company, nominated Mr. M. Muhibur Rahman as Director of DBH in place of their former nominee Director Dr. Kabir Hussain Choudhury and the Board of DBH approved the appointment of Mr. M. Muhibur Rahman as Director of the Company in its meeting dated September 15, 2011.

#### Board Committees

There are two committees constituted by the Board Members to assist the Board in discharging its responsibilities – the Audit Committee and the Executive Committee. The Board at the time of constitution of each committee fixes the terms of reference for each committee and also delegates power from time to time. The minutes of the meetings of all the committees are circulated to the Board for its information.

#### 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 Committee recommends appointment/removal of statutory auditors and fixing their remuneration and reviews all issues, which are required to be reviewed by the Audit Committee pursuant to the guidelines issued by SEC.

The Audit Committee at DBH last reconstituted on May 3, 2009 and the members are: Mr. Nasir A. Choudhury as the Chairman, Dr. Syed Mukarram Ali, Mr. Faruq A Choudhury, Mr. Mohammed Syedul Islam and Mr. Q. M. Shariful Ala, Managing Director & CEO as its members.

### Executive Committee

The Executive Committee is authorized to review all the proposals of loans and advances above authority delegated to the Managing Director & CEO.

The Executive Committee of the Company last reconstituted on September 15, 2011 and the members are: Mr. Muhammad A. (Rume) Ali, Mr. Nurul Huda, Mr. Ishtiaq Mohiuddin, Mr. M. Muhibur Rahman and Mr. Q. M. Shariful Ala, Managing Director & CEO as its members.

### Annual General Meeting (AGM)

DBH holds General Meeting of shareholders once a year and the Company ensures effective interaction with the shareholders at the Annual General Meeting. The Directors pay special attention in answering the various queries raised by the shareholders at the Annual General Meeting.

The Company's results and official news release are also displayed on the Company's web site and on the websites of the Dhaka Stock Exchange and Chittagong Stock Exchange and the news required to publish in the daily newspaper were also published accordingly.

### Resolutions passed at the previous AGM i.e. 14th Annual General Meeting held on December 08, 2010

Date & Time: 8 December 2010 at 11:00 AM

Venue: Spectra Convention Centre, House # 19, Road # 7, Gulsan-1, Dhaka

Resolutions passed by the shareholders:

- Financial Statements for the year ended June 30, 2010
- Dividend (Stock @25% and Cash @ 10%)
- Re-election of Directors named Mr. Muhammad A. (Rume) Ali, Mr. Pradeep Kumar Mukherjee, and Mr. Ishtiaq Mohiuddin
- Re-appointment of Auditors M/S. S. F. Ahmed & Co, Chartered Accountants as external auditor of the Company

### General Shareholders' Information

Fifteenth (15th) Annual General Meeting:

Date: November 22, 2011, Time 11.00 AM

Venue: Army Golf Club (Hall Room), Dhaka Cantonment, Dhaka.

Financial Reporting Calendar: 2010-11 (1st of July to 30th June)

Record date: September 29, 2011



Dividend Payment dates: The final dividend if declared by the shareholders at the Annual General Meeting shall be paid on or before December 22, 2011, i.e. within 30 days from the date of declaration.

**Listing on Stock Exchanges:** (i) Dhaka Stock Exchange Ltd.  
(ii) Chittagong Stock Exchange Ltd.

ISIN Number for CDBL – BD0621DBH007

#### Shareholding Pattern of the Company as on 30th June 2011

On the basis of shareholders types:

Group Name	Number of Shareholder(s)	Number of Share(s)	Percentage (%)
Sponsors(Local)	6	2,575,062	51.04
Sponsors(Foreign)	2	1,233,374	24.44
General Public	2,189	384,180	7.61
Financial Institutions & other Companies	197	552,548	10.95
Foreign Investors	6	300,461	5.96
<b>Total :</b>	<b>2,400</b>	<b>5,045,625</b>	<b>100.00</b>

Distribution of Shareholding as on 30th June 2011

Shareholding Range	Number of Shareholder(s)	Number of Share(s)	Percentage (%)
1 - 500	2190	185,565	3.68
501 - 5000	168	252,573	5.01
5001 - 10000	18	141,350	2.80
10001 - 20000	9	138,874	2.75
20001 - 30000	4	102,852	2.04
30001 - 40000	2	71,587	1.42
40001 - 50000	-	-	-
50001 - 100000	3	225,791	4.47
100001 - 1000000	6	3,927,033	77.83
<b>Total :</b>	<b>2400</b>	<b>5,045,625</b>	<b>100.00</b>

Having reviewed the SEC's Corporate Governance guideline as last amended on February 20, 2006, the Company's Board issued and signed their declaration of Compliance, a statement of which is given in this report:

Status of compliance with the conditions imposed by the Securities & Exchange Commission's Notification No. SEC/CMRRCD/2006-158/admin/02-08 dated 20th Feb 2006 issued under Section-2CC of the SEC Ordinance 1969.

Condition no.	Title	Compliance status	Explanation for non compliance with the condition
<b>1.0</b>	<b>Board of Directors</b>		
1.1	Board's Size: Board members should not be less than 5 (Five) and more than 20 (Twenty)	Complied	-
1.2 (i)	Independent Director: At least 1/10th	Not complied	Under review
1.2 (ii)	Appointment of Independent Directors by elected Directors	Not complied	Under review
1.3	Individual Chairman of the Board, Chief Executive, clearly defined roles and responsibilities	Complied	
<b>1.4</b>	<b>Directors' Report to Shareholders</b>		
1.4(a)	Fairness of Financial Statements	Complied	-
1.4(b)	Maintenance of Proper books of accounts	Complied	-
1.4(c)	Adoption of appropriate Accounting policies and estimates	Complied	-
1.4(d)	Compliance with International Accounting Standards, as applicable in Bangladesh	Complied	-
1.4(e)	Soundness of Internal Control System	Complied	-
1.4(f)	Ability to Continue as Going Concern	Complied	-
1.4(g)	Significant deviations from last year	N/A	N/A
1.4(h)	Presentation of last three years data	Complied	-
1.4(i)	Declaration of Dividend	Complied	-
1.4(j)	Details of Board Meeting	Complied	-
1.4(k)	Shareholding Pattern	Complied	-
<b>2.0</b>	<b>Chief Financial Officer, Head of Internal Audit &amp; Company Secretary</b>		
2.1	Appointment of CFO, Head of Internal Audit and Company Secretary and defining of their respective roles, responsibilities and duties	Complied	-
2.2	Attendance of CFO and the Company Secretary at Board of Directors meeting	Complied	-

Condition no.	Title	Compliance status	Explanation for non compliance with the condition
<b>3.0</b>	<b>Audit Committee:</b>		
3.1 (i)	Constitution of Committee	Complied	-
3.1(ii)	Constitution of Audit Committee with Board Members including one Independent Director	Partly complied	Constituted Audit Committee with Board Members; but independent Director not yet included
3.1(iii)	Filling of Casual Vacancy in Committee	Complied	-
3.2(i)	Chairman of the Committee	Complied	-
3.2(ii)	Professional Qualification and experience of the Chairman of the Committee	Complied	-
3.3.1(i)	Reporting on the activities of the Audit Committee to the Board	Complied	-
3.3.1(ii)(a)	Reporting of Conflict of Interest to the Board of Directors	N/A	-
3.3.1(ii)(b)	Reporting of any fraud or irregularity to the Board of Directors	N/A	-
3.3.1(ii)(c)	Reporting of violation of laws to the Board of Directors	N/A	-
3.3.1(ii)(d)	Reporting of any other matter to the Board of Directors	Complied	-
3.3.2	Reporting of Qualified point to Commission	N/A	-
3.4	Reporting of activities to the Shareholders and General Investors	Complied	-
<b>4.0</b>	<b>External/Statutory Auditors:</b>		
4.0(i)	Non-engagement in appraisal or valuation	Complied	
4.0(ii)	Non-engagement in designing of Financial Information System	Complied	-
4.0(iii)	Non-engagement in Book-Keeping	Complied	-
4.0(iv)	Non-engagement in Broker-Dealer Service	N/A	-
4.0(v)	Non-engagement in Actuarial Services	N/A	-
4.0(vi)	Non-engagement in Internal Audit	Complied	-
4.0(vii)	Non-engagement in any other Services	Complied	-

## Directors' Meeting & Attendance

### Annexure-I

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

Name of Directors	Position	Nominated by	Attendance
Mr. Faruq A Choudhury	Chairman	BRAC	6
Mr. Muhammad A. (Rume) Ali	Director	BRAC	4
Dr. Syed Mukarram Ali	Director	Delta Life Insurance Company Ltd.	6
Mr. Nasir A. Choudhury	Director	Green Delta Insurance Company Ltd.	6
Dr. Kabir Hussain Choudhury	Director	Green Delta Insurance Company Ltd.	6
Mr. Nurul Huda	Director	Delta Life Insurance Company Ltd.	6
Mr. Mohammed Syedul Islam	Director	Delta Life Insurance Company Ltd.	6
Mr. Pradeep Kumar Mukherjee	Director	HDFC Investments Ltd.	2
Mr. Ishtiaq Mohiuddin	Director	BRAC	2
Mr. Q. M. Shariful Ala	Managing Director & CEO	-	6

### Annexure-II

## Pattern of shareholdings as on 30th June 2011

### (i) Shareholding Status of Pre IPO Shareholders

Name of the Shareholders	No. of Share(s) held	Percent (%)
BRAC	927,810	18.39
Delta Life Insurance Company Limited	875,000	17.34
Green Delta Insurance Company Limited	772,249	15.31
HDFC Investments Limited	616,687	12.22
International Finance Corporation (IFC)	616,687	12.22
Mr. Faruq A Choudhury	1	0.00
Dr. Salehuddin Ahmed	1	0.00
Mr. Q. M. Shariful Ala	1	0.00

**(ii) Shareholding status of Directors/CEO/CS/CFO/Head of Internal Audit & their spouses & minor children**

Name of the Directors	Nominated by	No. of Share(s) held	Percent (%)
Mr. Faruq A Choudhury, Chairman	BRAC	1	0.00
Mr. Muhammad A. (Rume) Ali	BRAC	-	-
Dr. Syed Mukarram Ali	Delta Life Insurance Company Limited	-	-
Mr. Nasir A. Choudhury	Green Delta Insurance Company Limited	-	-
Dr. Kabir Hussain Choudhury	Green Delta Insurance Company Limited	-	-
Mr. Nurul Huda	Delta Life Insurance Company Limited	-	-
Mr. Mohammed Syedul Islam	Delta Life Insurance Company Limited	-	-
Mr. Pradeep Kumar Mukherjee	HDFC Investments Limited	-	-
Mr. Ishtiaq Mohiuddin	BRAC	-	-
Name of the Executives	Status	No. of Share(s) held	Percent (%)
Mr. Q. M. Shariful Ala	Managing Director & CEO	1	0.00
Mr. S.H. Aslam Habib	Company Secretary and Chief Financial Officer	-	-
Mr. Khandaker Satil Sayeed	Manager - Internal Compliance	-	-

**(iii) Top five salaried persons other than CEO, CFO, CS & HIA**

Name of the Executives	Status	No. of Share(s) held	Percent (%)
Mr. Tanvir Ahmad	Head of Human Resources	-	-
Mr. Hassan I. Yussouf	Head of Information Technology	-	-
Mr. A. K. M. Tanvir Kamal	Head of Credit	-	-
Mr. Nasimul Baten	Head of Operations	-	-
Mr. Saiyaf Ejaz	Head of Recovery & Administration	-	-



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

Name of the Shareholders	No. of Share(s) held	Percent (%)
BRAC	927,810	18.39
Delta Life Insurance Company Limited	875,000	17.34
Green Delta Insurance Company Limited	772,249	15.31
HDFC Investments Limited	616,687	12.22
International Finance Corporation (IFC)	616,687	12.22

**DBH**

Because every family  
needs compassion.



## Audit Committee Report

The Audit Committee on behalf of the Board strives to ensure effective implementation of the processes set out in the business plans and policies. Its aim is to ensure that high standards of corporate reporting, control and compliance are achieved through which effectiveness enhances in these areas and reduces the risks of the business.

### Purpose of Audit Committee

Board Audit Committee is a subcommittee of the Board and is operated by the terms of reference fixed by the Board. Main purpose of the Board Audit Committee is to assist the Board in its oversight of:

- i) The qualifications, independence and performance of the Company's independent auditor;
- ii) The performance of the Company's internal compliance functions and
- iii) Compliance by the Company with legal and regulatory requirements.

### Composition of the Committee

According to the SEC's corporate governance guidelines, the Board appointed Audit Committee comprising of the following Directors of the Company who possesses commendable knowledge on finance and accounts:

1.	Mr. Nasir A. Choudhury	-	Chairman
2.	Dr. Syed Mukarram Ali	-	Member
3.	Mr. Faruq A Choudhury	-	Member
4.	Mr. Mohammed Syedul Islam	-	Member
5.	Mr. Q. M. Shariful Ala	-	Managing Director & CEO

The Company Secretary of the Company is the Secretary of the Audit Committee. The Manager Internal Control & Compliance concurrently reports to Managing Director & CEO as well as to the Audit Committee.

### Meeting of the Audit Committee

The Committee normally meets quarterly, but an emergency meeting of the Committee may be called, if required. However, during the year under review, 3 (three) Committee meetings were held. The Committee reviews the financial reporting process, the system of internal control and management of financial & operational risks through the audit process.

### Roles & Responsibilities of the Committee

In addition to any other responsibility, which may be assigned from time to time by the Board, the audit committee is responsible for the following matters:

#### i) Financial Reporting:

- To improve the financial reporting quality, focus on changes in accounting practices, significant adjustments resulting from audit and compliance with accounting standards;
- To review the annual financial statements and determine whether those are complete and consistent with the accounting standards set by the regulatory authority;

- To discuss the Company's major financial risk exposures and the steps Management has taken to monitor and control such exposures;
- To assist in financial planning and budgeting as per financial audit.

**ii) Internal Control and Compliance:**

- To appraise, improve and reinforce the control environment;
- To review Company's system risk analysis and ensure that they work in a cost effective manner;
- To introduce and maintain sound financial reporting system;
- To review whether internal control strategies, processes recommended by internal and external auditors have been implemented by the Management;
- To guide implementation of Corporate Governance in the Company.

**iii) Internal and External Auditor:**

- To improve the communication of Internal and External Auditors and maintenance of independency of these two groups;
- Chairman of the Committee must ensure the direct access to any employee record as the Internal or External Auditor's request;
- To review periodically the remuneration and the performance of the External Auditors;
- To assure the uncompromising independency of External Auditors;
- To promote the efficacy of Internal Audit and support it;
- To receive on behalf of the Board relevant extracts from internal audit reports and draw the attention of the Managing Director & CEO and the Board, if any matters to them;
- To seek advise regarding the latest development of accounting and auditing in international arena.

**Reporting to the Board & the Shareholders**

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

- Copies of minutes of the Meeting to the Board;
- A report annually to the Board/ Shareholders;
- Additional report to the Board, if required.

**Acknowledgement**

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



**Nasir A. Choudhury**  
Chairman  
Audit Committee



## Independent Auditors' Report

To

**The Shareholders of Delta Brac Housing Finance Corporation Ltd.**

We have audited the accompanying financial statements of Delta Brac Housing Finance Corporation Ltd. (DBH or 'the company'), which comprise the balance sheet as at 30 June 2011 and the Profit and Loss Account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements prepared in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) give a true and fair view of the financial position of Delta Brac Housing Finance Corporation Ltd. as of 30 June 2011, and results of its financial performance and its cash flows for the year then ended and comply with the Financial Institution Act 1993, the Financial Institution rules 1994, the rules and regulations issued by the Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

**We also report that:**

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- ii. in our opinion, proper books of account as required by law have been kept by the Financial Institution so far as it appeared from our examination of those books and proper returns adequate for the purpose of our audit have been received from branches not visited by us;
- iii. the company's balance sheet and profit and loss account dealt with by the report are in agreement with the books of account and returns;
- iv. the expenditure incurred was for the purpose of the financial institution's business;
- v. adequate provisions have been made for housing loans considered to be doubtful;
- vi. the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- vii. the company has followed the instructions used by the Bangladesh Bank in the matters of housing loans, classification, provisioning and suspension of interest;
- viii. the company has so far complied with the relevant laws pertaining to reserves and maintaining of liquid assets; and
- ix. as there are no risk weighted assets determined by Bangladesh Bank for Non-Banking Financial Institution (NBFI), therefore, we believe that the review of 80% of risk weighted asset is not applicable for NBFI.

We have spent around 1,105 person hours for the audit of the financial statements of the company.

Dated, Dhaka;  
18 September 2011

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


## Balance Sheet

As at 30 June 2011


	Notes	2011 Taka	2010 Taka
<b>PROPERTY AND ASSETS</b>			
Cash	3		
In hand	3.1	87,391	61,825
Balance with Bangladesh Bank and its agent Bank	3.2	333,698,026	505,572,976
		333,785,417	505,634,801
Balance with other banks and financial institutions	4	1,769,016,706	2,345,794,355
Money at call on short notice (Mercantile Bank Ltd.)		60,000,000	-
Investments	5		
Government		-	-
Others		506,875,189	1,005,493,321
		506,875,189	1,005,493,321
Loans and advances	6	21,668,604,021	18,062,666,341
Fixed assets including land, building, furniture and equipments	7	40,764,116	45,942,179
Other assets	8	121,470,483	83,261,038
<b>Total Assets</b>		<b>24,500,515,932</b>	<b>22,048,792,035</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>LIABILITIES</b>			
Borrowing from other banks and financial institutions	9	7,388,371,512	6,522,057,753
Deposit and others accounts	10		
Fixed deposits		13,307,831,582	12,630,107,690
Other deposits		-	-
Other liabilities	11	2,048,015,955	1,592,032,532
<b>Total Liabilities</b>		<b>22,744,219,049</b>	<b>20,744,197,975</b>
<b>Shareholders' equity</b>			
Paid-up capital	12	504,602,500	403,690,000
Share premium	13	154,960,000	154,960,000
Statutory reserve	14	366,768,865	266,355,300
Other reserve	15	428,000,000	308,000,000
Retained earnings	31	301,965,518	171,588,760
<b>Total equity</b>		<b>1,756,296,883</b>	<b>1,304,594,060</b>
<b>Total liabilities and Shareholders' equity</b>		<b>24,500,515,932</b>	<b>22,048,792,035</b>
<b>OFF-BALANCE SHEET ITEMS</b>			
<b>Contingent liabilities</b>			
Acceptances and endorsement	16.1	-	-
Letter of guarantee		-	-
Irrevocable letter of credits		-	-
Bills for collection		-	-
Other contingent liabilities		59,923,470	67,714,219
<b>Total contingent liabilities</b>		<b>59,923,470</b>	<b>67,714,219</b>
<b>Other commitments</b>			
Documentary credit & short-term trade related transaction	16.2	-	-
Forward assets purchased and forward deposit placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		394,625,000	349,720,000
<b>Total other commitments</b>		<b>394,625,000</b>	<b>349,720,000</b>
<b>Total Off-Balance Sheet items including contingent liabilities</b>		<b>454,548,470</b>	<b>417,434,219</b>


The annexed notes 1 to 39 form an integral part of these financial statements.

  
**Faruq A Choudhury**  
Chairman

  
**Nasir A. Choudhury**  
Director

  
**Dr. Syed Mukarram Ali**  
Director

  
**Q. M. Shariful Ala**  
Managing Director & CEO

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

Dated, Dhaka;  
18 September 2011

## Profit and Loss Account


For the year ended 30 June 2011

	Notes	2010-2011 Taka	2009-2010 Taka
Interest Income	17	2,689,316,304	2,309,545,845
Interest paid on deposits and borrowings etc	18	1,799,504,676	1,545,863,283
<b>Net Interest Income</b>		<b>889,811,628</b>	<b>763,682,562</b>
Income from investment	19	272,392,532	161,223,910
Commission, exchange and brokerage	20	98,313,707	106,251,581
Other operating income	21	4,762,710	5,588,177
<b>Total operating income</b>		<b>1,265,280,577</b>	<b>1,036,746,230</b>
Salary and allowances	22	150,026,984	160,766,116
Rent, taxes, insurance, electricity, etc.	23	24,204,704	17,370,935
Legal & professional expenses	24	1,763,074	1,659,823
Postage, stamp, telecommunication, etc.	25	5,720,239	6,040,759
Stationery, printing, advertisements, etc.	26	24,732,876	14,742,490
Managing Director's salary and fees		9,550,000	8,550,000
Directors' fees and expenses	27	631,955	359,355
Auditors' fees	28	189,750	189,750
Depreciation, repair & maintenance	29	28,313,833	16,165,695
Other expenses	30	23,925,090	20,168,637
<b>Total operating expenses</b>		<b>269,058,505</b>	<b>246,013,560</b>
<b>Profit before provisions</b>		<b>996,222,072</b>	<b>790,732,670</b>
<b>Provision for:</b>			
Loans and advances	11.2.1,2	92,978,120	139,164,439
Diminution in value of investments	11.2.3	(3,639,303)	11,576,664
<b>Total provisions</b>		<b>89,338,817</b>	<b>150,741,103</b>
<b>Profit before tax</b>		<b>906,883,255</b>	<b>639,991,567</b>
Provision for tax			
Current	11.3	409,755,367	298,637,619
Deferred	8.3,11.3	(4,939,935)	34,003,090
		404,815,432	332,640,709
<b>Profit after tax</b>		<b>502,067,823</b>	<b>307,350,858</b>
<b>Appropriations</b>			
Statutory reserve		100,413,565	61,470,172
General reserve		-	-
Dividend on preference share		10,000,000	10,000,000
		110,413,565	71,470,172
<b>Retained surplus</b>		<b>391,654,258</b>	<b>235,880,686</b>
<b>Earnings Per Share (restated)</b>	<b>32</b>	<b>98</b>	<b>59</b>


  
**Faruq A Choudhury**  
Chairman

  
**Nasir A. Choudhury**  
Director

  
**Dr. Syed Mukarram Ali**  
Director

  
**Q. M. Shariful Ala**  
Managing Director & CEO

Dated, Dhaka;  
18 September 2011

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



## Cash Flow Statement (Direct Method)


For the year ended 30 June 2011

	2010 - 2011 Taka	2009 - 2010 Taka
<b><u>Cash flows from operating activities</u></b>		
Interest receipts in cash	2,693,521,415	2,314,137,153
Interest payments	(1,543,150,268)	(1,393,605,393)
Dividend receipts	15,869,940	3,873,550
Fees and commission receipts in cash	101,631,638	106,251,581
Cash payments to employees	(157,110,327)	(153,788,881)
Cash payments to suppliers and various operating expenses	(66,139,829)	(50,989,186)
Income tax paid	(345,047,514)	(230,903,940)
Receipts from other operating activities(Note-38)	233,882,302	162,465,315
<b>Cash generated from operating activities before changes in operating assets and liabilities</b>	<b>933,457,357</b>	<b>757,440,199</b>
<b>Increase/(decrease) in operating assets and liabilities</b>		
Loans and advances to customers	(3,594,500,323)	(4,526,677,410)
Other assets	(23,587,334)	2,147,268
Loans and deposits from banks and other customers	1,631,019,492	5,040,749,992
Trading liabilities	-	-
Other liabilities	23,783,826	35,570,171
Cash utilised in operating assets and liabilities	(1,963,284,339)	551,790,021
<b>Net cash from operating activities</b>	<b>(1,029,826,982)</b>	<b>1,309,230,220</b>
<b><u>Cash flows from investing activities</u></b>		
Investment in trading securities	498,618,132	(711,550,295)
Investment in bonds	-	(200,000,000)
Other investments	-	(21,999,500)
Purchase of property, plant & equipment	(19,390,047)	(9,513,211)
Proceeds from disposal of property, plant & equipment	979,989	87,167
<b>Net cash from investing activities</b>	<b>480,208,074</b>	<b>(942,975,839)</b>
<b><u>Cash flows from financing activities</u></b>		
Receipts from loan and debt securities	-	-
Payments for redemption of loan & debt security	(7,480,700)	(7,480,700)
Payment of Preference share dividend	(10,000,000)	(10,000,000)
Cash dividend paid	(40,365,000)	(59,670,000)
Payment for finance lease	(1,661,284)	(1,462,075)
<b>Net cash from financing activities</b>	<b>(59,506,984)</b>	<b>(78,612,775)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(609,125,892)</b>	<b>287,641,606</b>
<b>Cash and cash equivalents (net off overdraft) at the beginning of the period</b>	<b>2,514,980,518</b>	<b>2,227,338,912</b>
<b>Cash and cash equivalents (net off overdraft) at the end of the period</b>	<b>1,905,854,626</b>	<b>2,514,980,518</b>


  
Faruq A Choudhury  
Chairman

  
Nasir A. Choudhury  
Director

  
Dr. Syed Mukarram Ali  
Director

  
Q. M. Shariful Ala  
Managing Director & CEO

Dated, Dhaka;  
18 September 2011

  
S. F. Ahmed & Co.  
Chartered Accountants

## Statement of Changes in Equity

For the year ended June 30, 2011


Amount In Taka

Particulars	Share Capital	Share Premium	Statutory Reserve	General & Other Reserves	Retained Earnings	Total
Balance as on 1 July, 2010	403,690,000	154,960,000	266,355,300	308,000,000	171,588,760	1,304,594,060
Net profit(after tax) for the period	-	-	-	-	502,067,823	502,067,823
Transferred to reserve funds	-	-	100,413,565	120,000,000	(220,413,565)	-
Stock dividend issued	100,912,500	-	-	-	(100,912,500)	-
Preference share dividend	-	-	-	-	(10,000,000)	(10,000,000)
Cash Dividend paid for previous year	-	-	-	-	(40,365,000)	(40,365,000)
<b>Balance as on June 30, 2011</b>	<b>504,602,500</b>	<b>154,960,000</b>	<b>366,768,865</b>	<b>428,000,000</b>	<b>301,965,518</b>	<b>1,756,296,883</b>
<b>Balance as on June 30, 2010</b>	<b>403,690,000</b>	<b>154,960,000</b>	<b>266,355,300</b>	<b>308,000,000</b>	<b>171,588,760</b>	<b>1,304,594,060</b>

  
**Faruq A Choudhury**  
Chairman

  
**Nasir A. Choudhury**  
Director

  
**Dr. Syed Mukarram Ali**  
Director

  
**Q. M. Shariful Ala**  
Managing Director & CEO

# Liquidity Statement

As at June 30, 2011


Amount In Taka

Particulars	up to 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Above 5 Years	Total
<b>Assets</b>						
Cash	325,389,035	-	8,396,382	-	-	333,785,417
Balance with other Banks and Financial Institutions	1,040,416,706	120,000,000	605,481,187	3,118,813	-	1,769,016,706
Money at Call and on short notice	60,000,000	-	-	-	-	60,000,000
Investments	304,875,689	10,000,000	41,500,000	128,000,000	22,499,500	506,875,189
Loans and advances	746,194,147	266,764,267	1,160,841,932	6,275,152,600	13,219,651,075	21,668,604,021
Fixed assets including premises, furniture and fixture	1,094,782	2,152,782	8,886,046	24,358,904	4,271,602	40,764,116
Other assets	68,505,827	4,571,182	28,753,862	19,639,612	-	121,470,483
Non-banking assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>2,546,476,186</b>	<b>403,488,231</b>	<b>1,853,859,409</b>	<b>6,450,269,929</b>	<b>13,246,422,177</b>	<b>24,500,515,932</b>
<b>Liabilities</b>						
Borrowing from other banks and financial institutions	283,138,071	125,450,137	556,883,217	2,512,568,553	3,910,331,534	7,388,371,512
Deposits	312,859,094	613,041,362	2,345,047,051	645,208,450	9,391,675,625	13,307,831,582
Provision and other liabilities	184,770,887	238,792,648	558,809,553	805,489,913	260,152,954	2,048,015,955
<b>Total liabilities</b>	<b>780,768,052</b>	<b>977,284,147</b>	<b>3,460,739,821</b>	<b>3,963,266,916</b>	<b>13,562,160,113</b>	<b>22,744,219,049</b>
<b>Net liquidity gap</b>	<b>1,765,708,134</b>	<b>(573,795,916)</b>	<b>(1,606,880,412)</b>	<b>2,487,003,013</b>	<b>(315,737,936)</b>	<b>1,756,296,883</b>

  
**Faruq A Choudhury**  
Chairman

  
**Nasir A. Choudhury**  
Director

  
**Dr. Syed Mukarram Ali**  
Director

  
**Q. M. Shariful Ala**  
Managing Director & CEO

# Notes to the Financial Statements

as at and for the year ended 30 June 2011

## 1 Company and Its Activities

### (a) Legal status

Delta Brac Housing Finance Corporation Limited (here-in-after referred to as “DBH” or “the Company”) was incorporated as a public limited company and obtained the Certificate of Commencement of Business under Companies Act 1994 on May 11, 1996. The Company has also been granted license under the Financial Institutions Act 1993 on July 15, 1996. The Company raised additional capital of Tk. 105,000,000 including premium of Tk. 55,000,000 through Initial Public Offering in 2007-08 and the shares of the Company are listed in Dhaka and Chittagong Stock Exchange in Bangladesh.

### (b) Nature of business

i) The principal activities of the Company during the year were providing loans for construction of houses, purchases of flats or houses, extension and improvement of existing houses or flats and purchase of housing plots. The Company also provides services for purchase, sale and transfer of real estate assets.

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, profit first deposit etc. for its individual and corporate clients.

## 2 Significant Accounting policies

### 2.01 Statement of Compliance & basis of preparation

The financial statements have been prepared on a going concern basis and accrual method under historical cost convention and in accordance with Generally Accepted Accounting Principles (GAAP). The preparation and presentation of the financial statements and the disclosures thereto have been made in conformity with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, the Financial Institutions Act 1993, Securities and Exchange Rules 1987, the listing rules of Dhaka and Chittagong Stock Exchanges and other applicable laws & regulations in Bangladesh and practices generally followed by Housing Finance Institutions.

### 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 Disclosure of departure from few requirements of BAS/BFRS 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 those of financial instruments and general provision standards of BAS and BFRS. As such the company has departed from those contradictory requirements of BAS/BFRS in order to comply with the rules and regulations of Bangladesh Bank which are disclosed below along with financial impact where applicable.

**2.03.1** 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 for any loss arising from diminution in value of investment.

As such the company measures and recognizes investment in quoted and unquoted shares at cost if the year –end market value (for quoted shares) and book value (for unquoted shares) are higher than the cost. At the year-end the company's market value and book value of quoted and unquoted shares was higher than cost price by Tk. 31.28 million. However as per requirements of BAS 39 investment in shares falls either under "at fair value through profit and loss account" or under "available for sale" where any change in the fair value at the year-end is taken to profit and loss account or revaluation reserve respectively.

**2.03.2** As per FID circular No. 08 dated 03 August 2002 and FID circular No. 03, dated 03 May 2006 a general provision at 1% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained. However such general provision cannot satisfy the conditions of provision as per IAS 37. At the year end the company has recognized an accumulated general provision of Tk. 456.31 million in the balance sheet under liabilities.

**2.03.3** As per Bangladesh Bank guidelines financial instruments are categorized, recognized and measured differently from those prescribed in BAS 39. As such some disclosure and presentation requirements of BFRS 7 and BAS 32 could not be complied in the financial statements.

**2.04 Functional and presentation currency**

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

**2.05 Use of estimates and judgments**

The preparation of financial statements require management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

#### **Impairment losses on loans and advances**

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

#### **2.06 Materiality and aggregation**

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

#### **2.07 Foreign currency transactions**

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

#### **2.08 Liquidity statement**

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

- a) Balance with other banks and financial institutions, money at call and short notice , etc. are on the basis of their maturity term.
- b) Investments are on the basis of their respective maturity.
- c) Loans and advances and lease are on the basis of their repayment schedule.
- 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) Provisions and other liabilities are on the basis of their payment/ adjustment schedule

## **2.09 Property, plant and equipments**

### **a. Recognition**

The cost of an item of property, plant and equipments shall be recognized as an assets if, and only if 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 future economic benefits associated with the item will flow to the company and the cost of such items can be measured reliably. All other repairs and maintenance are charged to the Profit & Loss account during the financial period in which they are incurred.

### **b. Depreciation**

Fixed assets are recorded at historical cost less accumulated depreciation as per BAS-16 "Property, Plant and Equipment. Depreciated 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 (years)
Furniture & Fixture	15% - 20%	5- 6.67
Equipment	20% -25%	4- 5
Vehicles	20%	5
Building	3%	33.33
Land	Not depreciated	

Pursuant to BAS - 17 "Leases" fixed asset (motor vehicle) acquired under finance lease is accounted for at the lower of present value of minimum lease payments under the lease agreement and the fair value of asset. The related obligation under the lease is accounted for as liability. Finance charges are allocated to accounting period in manner so as to provide a constant rate of charge on the outstanding liability.

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.

Gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between sales proceeds and carrying amount of the asset and is recognized in profit or loss.

#### **c. Sale of fixed assets**

Sale price of fixed assets are determined on the basis of fair value of the assets. Gain or loss on sale of assets are recognized in profit & loss account as per provision of BAS 16 Property, Plant & Equipments.

### **2.10 Intangible assets**

Intangible assets (computer software) are recorded at historical cost less accumulated amortization. These are amortized on straight line method using the rate at 25% (Estimated four years useful life).

### **2.11 Accounting for changes in accounting estimates**

BAS-8 states that the effect of a change in an accounting estimate is to be applied prospectively by inclusion in the current accounting period and, if relevant, in future accounting period. The carrying amount of assets, liabilities or equity may be changed following a change in accounting estimates in the period of the change.

As per Para 61 of the BAS 16, any changes in the depreciation method shall be accounted for as a changes in an accounting estimate in accordance with BAS-8.

During the year DBH changed its depreciation method from reducing to straight line for depreciating property, plant and equipment. As a result an additional depreciation of Taka 10,743,208 was charged to profit and loss account during the year. Management takes the view that this policy provides reliable and more relevant information because it deals more accurately with the components of property, plant and equipment and is based on up-to-date values.

### **2.12 Loans - secured**

Repayment of mortgage loans is made by way of Equated Monthly Installments (EMI) consisting of principal and interest. There are two modes of interest calculation on loans i.e., monthly reducing or annual reducing method as per loan agreement between customer and DBH. Effective interest rate is same as the rate quoted in case of monthly reducing method but higher under annual reducing method. EMI commences once the entire loans are disbursed. Pending commencement of EMIs, pre-EMI interest is payable every month.

**2.13 Investment in securities**

Investments in quoted securities has been shown at cost. As required by Bangladesh Bank FID Circular No.8 dated August 03,2002 full provision for diminution in value of shares as on balance sheet date on an individual investment basis has been made in the accounts. Investment in unquoted securities is valued at cost.

**2.14 Cash and cash equivalents**

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

**2.15 Cash Flow Statements**

The statement of cash flows is prepared using the direct method as stipulated in Bangladesh Accounting Standard - 7 "Cash Flow Statements".

**2.16 Revenue recognition**

**Interest income**

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

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

**Fees and other charges on loans**

Receipt of loan processing/servicing fees are recognized as income on the date of receipt while the refund there against, if applicable, are set off with income during the year of refund.

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

Dividend income is recognized on accrual basis in the period in which the dividend is declared and approved in AGM whereas profit or loss arising from the sale of securities is accounted for only when shares are sold in the market and profit is realized and loss is incurred.



## **2.17 Interest suspense account**

Interest on non-performing loans is not recognized as revenue and credited to interest suspense account.

## **2.18 Retirement benefit costs**

### **i) Gratuity scheme**

The Company has a funded gratuity scheme for all eligible employees who complete minimum 5 years of confirmed service with the Company. Required amount of gratuity is calculated on the basis of last basic pay depending on the length of service for every completed year as well as proportionate to the fraction period of service as of the respective financial year. This scheme is approved by the National Board of Revenue (NBR) and administered by an independent Board of Trustees. Actuarial valuation of the gratuity scheme was made in 2010 to assess the adequacy of the liability for the scheme as per Bangladesh Accounting Standard - 19 "Employee Benefits".

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

Less than 5 year of service - Nil

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

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

Maximum benefits - 50 times basic pay

### **ii) Contributory provident fund**

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

## **2.19 Taxation**

### **Current tax**

Provision for income tax has been made at best estimate keeping in view the provisions of Income Tax Ordinance 1984 and the relevant Finance Act 2011. Applicable rate of income tax for the company is 42.5%.

### **Deferred tax**

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

#### **2.20 Provision for loans**

The Company's policy is to ensure that the balance of provision for loans is adequate to cover the principal amount in respect of non-performing loans when the installments are outstanding for more than six months and any other accounts which are considered doubtful of recovery. The company has made adequate provision which is more than the minimum regulatory requirement.

#### **2.21 Interest expense**

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

#### **2.22 Earnings per share**

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

#### **2.23 Related party disclosure**

As per Bangladesh Accounting Standards (BAS) 24 "Related Party Disclosures", parties are considered to be related if one of the party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Company carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with its related parties. Related party disclosures have been given in note 36.

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

All material events occurring after the balance sheet date has been considered and where necessary, adjusted for or disclosed in note 39.3.

## 2.25 Contingent liabilities and contingent assets

The company does not recognize contingent liability and contingent assets but discloses the existence of contingent liability in the financial statements. A contingent liability is probable 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 recognize because outflow of resources is not likely or obligation cannot be measured reliably.

## 2.26 Branch accounting

The Company has six offices (head office & five branches), with no overseas branch as on June 30, 2011. Accounts of the branches are maintained at the head office which are included in the accompanying financial statements.

## 2.27 General

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

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

Name of the BAS	BAS No.	Status
Presentation of Financial Statements	1	**
Inventories	2	N/A
Cash Flow Statement	7	Applied
Accounting Policies, Change in Accounting Estimates and Errors	8	Applied
Events after the Balance Sheet Date	10	Applied
Construction Contracts	11	N/A
Income Taxes	12	Applied
Property, Plant and Equipment	16	Applied
Lease	17	Applied
Revenue	18	Applied
Employee Benefits	19	Applied
Accounting for Government Grants and Disclosure of Governments Assistance	20	N/A
The Effect of Change in Foreign Exchange Rates	21	Applied

Name of the BAS	BAS No.	Status
Borrowing Cost	23	Applied
Related Party Disclosure	24	Applied
Accounting and Reporting by Retirement Benefits Plan	26	N/A
Consolidated and Separate Financial Statements	27	N/A
Investment in Associates	28	N/A
Investment in Joint Ventures	31	N/A
Financial Instruments: Disclosure and Presentations	32	**
Earning Per Share	33	Applied
Interim Financial Reporting	34	Applied
Impairment of Assets	36	Applied
Provision, Contingent Liabilities and Contingent Assets	37	Applied
Intangible Assets	38	Applied
Financial Instruments: Recognition and Measurement	39	**
Investment Property	40	N/A
Agriculture	41	N/A
Name of the BFRS	BFRS No.	Status
Share Base Payment	2	N/A
Business Combination	3	N/A
Insurance Contracts	4	N/A
Non-Currents Assets held for sale and discontinued operation	5	N/A
Exploration for and Evaluation of Mineral Resources	6	N/A
Financial Instruments : Disclosure	7	**
Operating Segment	8	N/A

\*\* As the regulatory requirements differ with the standards, relevant disclosures are made in accordance with Bangladesh Bank requirements. ( Please see note 2.3).

## 2.29 Financial 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 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.

### **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 operational risk management 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.



	2010-2011	2009-2010
	Taka	Taka
<b>3 Cash</b>		
<b>3.1 Cash in hand</b>		
Local Currency	87,391	61,825
Foreign Currency	-	-
	<u>87,391</u>	<u>61,825</u>
<b>3.2 Balance with Bangladesh Bank and its agents</b>		
Bangladesh Bank:		
Local Currency	325,102,620	471,251,689
Foreign Currency	151,374	26,350,796
	<u>325,253,994</u>	<u>497,602,485</u>
Balance with Sonali Bank being an agent of Bangladesh Bank	8,444,032	7,970,491
	<u>333,698,026</u>	<u>505,572,976</u>

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

Cash Reserve Requirement and Statutory Liquidity Reserve have been calculated and maintained in accordance with Financial Institution Act - 1993 and Financial Institution Rules - 1994 and FID circular no. 6 November 2003 and FID circular no 02 dated November 10, 2004.

Cash Reserve Requirement (CRR) has been calculated at the rate of 2.5% on 'Total Term Deposits' which is preserved in current account maintained with Bangladesh Bank. 'Total Term Deposit' means Term or Fixed Deposit, Security Deposit against Lease/Loan and other Term Deposits, received from individuals and institutions (except Banks & Financial Institutions).

Statutory Liquidity Reserve (SLR) has been calculated at the rate of 5.0% on total liabilities, including CRR of 2.5% on Total Term Deposit. SLR is maintained in liquid assets in the form of cash in hand (notes & coin in BDT), balance with Bangladesh Bank and other banks and Financial Institutions, investment at call, unencumbered treasury bill, prize bond, savings certificate & any other assets approved by Bangladesh Bank.

#### 3.3.1 Cash Reserve Requirement (CRR)

Required reserve	314,925,240	297,274,994
Actual reserve maintained	320,211,754	310,164,931
Surplus/(deficit)	<u>5,286,514</u>	<u>12,889,937</u>

	2010-2011	2009-2010
	Taka	Taka
<b>3.3.2 Statutory Liquidity Reserve</b>		
Required reserve (including CRR)	721,880,774	668,698,608
Actual reserve maintained ( including CRR) (Note-3.3.1)	2,162,650,749	2,825,078,359
Surplus/(deficit)	1,440,769,975	2,156,379,751
<b>4 Balance with other banks and financial institutions</b>		
In Bangladesh (Note 4.1)	1,769,016,706	2,345,794,355
Outside Bangladesh	-	-
	1,769,016,706	2,345,794,355
<b>4.1 In Bangladesh</b>		
Current deposits	297,009	1,014
Short-term deposits	40,119,697	77,193,341
Fixed deposits	1,728,600,000	2,268,600,000
	1,769,016,706	2,345,794,355
<b>4.2 Maturity grouping of balance with other banks and financial institutions in Bangladesh</b>		
Payable on demand	297,009	1,014
up to 1 month	1,040,119,697	1,037,193,341
Over 1 month but not more than 3 months	120,000,000	650,000,000
Over 3 month but not more than 6 months	100,000,000	650,000,000
Over 6 month but not more than 1 year	505,481,187	4,179,816
Over 1 year but not more than 5 year	3,118,813	4,420,184
Over 5 years	-	-
	1,769,016,706	2,345,794,355
<b>5 Investments</b>		
Government securities:	-	-
Other investments:		
Non marketable securities (Note-5.1)	11,999,500	21,999,500
Bonds (Orascom Telecom - Amortizing Senior Secured Bond)	160,000,000	200,000,000
Marketable securities (Note-5.2)	334,875,689	783,493,821
	506,875,189	1,005,493,321

		2010-2011	2009-2010
		Taka	Taka
<b>5.1</b>	<b>Investment in non marketable securities</b>		
	<b>No. of shares</b>		
Dan & Bradstreet Rating Agency Bangladesh Ltd.	24,995	2,499,500	2,499,500
Energyprima - Pre-IPO shares	100,000	9,500,000	9,500,000
Green Delta Mutual Fund	-	-	10,000,000
		<b>11,999,500</b>	<b>21,999,500</b>

**5.2 Investment in marketable securities**

Details of marketable securities	No. of shares	Cost price	Market price
Bata Shoe Company (Bangladesh) Ltd.	3,100	1,910,209	1,959,820
Bay Leasing and Investment Ltd.	2,015	2,562,910	2,260,830
Beximco Limited	23,500	4,623,803	3,757,650
Beximco Textile Ltd.	15,000	881,464	501,000
BOC Bangladesh Limited	8,550	6,007,485	5,802,885
BSRM Steels Limited	5,250	6,748,742	7,420,875
Confidence Cement Ltd.	6,800	1,214,176	1,233,520
DBH Ist Mutual Fund	20,000,000	200,000,000	236,000,000
Delta Life Insurance Company Ltd.	100	3,928,464	3,977,350
Golden Son Limited	36,000	2,535,304	2,487,600
IFIC Bank 1st Mutual Fund	257,500	2,840,943	2,909,750
Karnafuli Insurance Co. Ltd.	55,000	3,618,711	3,454,000
Keya Cosmetics Ltd.	65,000	6,409,678	5,655,000
Lanka Bangla Finance Limited	40,000	10,038,790	8,396,000
Malek Spinning Mills Ltd.	100,000	6,585,917	5,710,000
Megna Life Insurance Company Ltd.	10,000	3,493,276	3,577,000
Metro Spinning Mills Ltd.	65,000	4,166,671	3,854,500
Navana CNG Limited	58,000	9,507,235	9,749,800
One Bank Ltd.	1,000	482,957	505,000
Phoenix Insurance Company Ltd.	20,200	1,811,434	1,771,540
Prime Islami Life Insurance Ltd.	21,000	6,932,670	6,774,600
Quasem Drycell Limited	10,000	869,175	862,000
RAK Ceramics (Bangladesh) Ltd.	10,800	1,062,483	1,134,000
RN Spinning Mills Ltd.	45,000	3,677,959	3,528,000
Sandhani Life Insurance Company Ltd.	5,550	2,062,480	2,098,455
Social Islamic Bank Ltd.	50,000	1,121,156	1,135,000
Square Pharmaceutical Ltd.	900	2,977,444	3,188,025
Summit Power Ltd.	123,500	10,035,429	10,065,250
Trust Bank Ist Mutual Fund	230,500	2,747,463	2,789,050
United Leasing Company Ltd.	3,500	3,554,011	2,891,875
Union Capital Ltd.	62,500	5,845,170	6,125,000
Green Delta Mutual Fund	1,000,000	10,000,000	8,200,000
MJL Bangladesh Limited	40,192	4,622,080	6,382,490
		<b>334,875,689</b>	<b>366,157,865</b>

All investment in marketable securities are valued at cost and adequate provision for future probable losses as per Bangladesh Bank guideline has been made. Market value has been determined on the basis of the value of securities at last trading date of June 2011 (last trading date was June 30, 2011).

As on June 30, 2011 there was Tk.31,282,176 of net unrealised gain on investment in marketable listed securities which could not be recognized at fair value through Profit and loss Account (In Accordance with BAS-39) due to mandatory compliance requirements of FID Circular No. 8 dated August 03, 2002 issued by Bangladesh Bank.

\*2,000,000 shares of DBH 1st Mutual fund are locked in for 10 years and 100,000 shares of Green Delta Mutual fund are locked in up to September 28, 2011. 40,192 shares of Mobil Jamuna Bangladesh Ltd are locked in up to July 14, 2011.

	2010-2011	2009-2010
	Taka	Taka
<b>5.4 Maturity grouping of investments</b>		
On demand	293,608,655	566,395,068
upto 1 month	11,267,034	16,098,753
Over 1 month but not more than 3 months	10,000,000	-
Over 3 month but not more than 6 months	-	1,000,000
Over 6 month but not more than 1 year	41,500,000	220,000,000
Over 1 year but not more than 5 year	128,000,000	179,500,000
Over 5 years	22,499,500	22,499,500
	<u>506,875,189</u>	<u>1,005,493,321</u>
<b>6 Loans and advances</b>		
Inside Bangladesh		
Housing Loan - secured	20,941,268,765	17,604,619,752
Installment Receivable - Housing Loan	50,553,146	39,996,617
Staff loan	133,118,229	88,661,522
Loan against Deposits	543,663,881	329,388,450
	<u>21,668,604,021</u>	<u>18,062,666,341</u>
Outside Bangladesh	-	-
	<u>21,668,604,021</u>	<u>18,062,666,341</u>
<b>6.1 Maturity grouping of loans and advances</b>		
Repayable on Demand	50,553,146	40,018,901
Not more than 3 months	962,405,268	432,744,222
Over 3 month but not more than 1 years	1,160,841,932	1,229,532,550
Over 1 year but not more than 5 year	6,275,152,600	5,469,724,022
Over 5 years	13,219,651,075	10,890,646,646
	<u>21,668,604,021</u>	<u>18,062,666,341</u>

		2010-2011	2009-2010
		Taka	Taka
<b>6.2</b>	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	33,670,799	25,244,366
	d) Loans and advances to customer group:		
	i) Housing Loan - Customer	20,991,821,911	17,644,616,369
	ii) Staff Loan-Housing & Others	99,447,430	63,417,156
	iii) Loan to Depositors	543,663,881	329,388,450
		<u>21,668,604,021</u>	<u>18,062,666,341</u>
	e) Details of loans and advances industry-wise		
	i) Housing Finance/ Real Estate	21,114,565,540	17,720,738,995
	ii) Others	554,038,481	341,927,346
		<u>21,668,604,021</u>	<u>18,062,666,341</u>
<b>6.3</b>	<b>Loans and advances - geographical location-wise</b>		
	Inside Bangladesh		
	Urban		
	Dhaka	19,620,388,410	16,383,787,616
	Chittagong	1,939,614,825	1,595,075,354
	Sylhet	108,600,786	83,803,371
		<u>21,668,604,021</u>	<u>18,062,666,341</u>
	Outside Bangladesh:	-	-
		<u>21,668,604,021</u>	<u>18,062,666,341</u>
<b>6.4</b>	<b>Details of large loans and advances</b>		
	There were no clients with outstanding amount and classified loans/advances exceeding 15% of total capital of the institution.		
<b>6.5</b>	<b>Particulars of Loans and advances</b>		
	i) Loans and advances considered good in respect of which the financial institution is fully secured	21,656,029,082	18,042,890,485
	ii) Loans and advances considered good against which the financial institution holds no security other than the debtors personal security	-	-
	iii) Loans and advances considered good and secured by the personal security of one or more parties in addition to personal guarantee of debtors	12,574,939	19,775,856
	iv) Loans and advances adversely classified: for which no provision is created.	-	-
		<u>21,668,604,021</u>	<u>18,062,666,341</u>



	2010-2011	2009-2010
	Taka	Taka
v) Loans and advances due by officers of the financial institution or any of them either separately or jointly with any other persons.	133,118,229	88,661,522
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 managers or officers of the financial institution or any of them either separately or jointly with any other person	133,118,229	88,661,522
viii) Maximum total amount of advances, including temporary advances, granted during the period to companies or firms in which the directors of the financial institution have interest as directors, partners or managing agents or in the case of private companies as members.	-	-
ix) Due from other bank and financial institutions	-	-
x) Information in respect of classified loans and advances	-	-
a) Classified loans for which interest/ profit not credited to income		
i) Increase/decrease of provision (specific)	55,318,743	91,362,783
ii) Amount of written off debt against fully provided debts	-	-
iii) Amount of debt recovered against the debt which was previously written off	-	-
b) Amount of provision kept against loans classified as bad/ loss at balance sheet date	2,340,486	2,053,101
c) Amount of interest creditable to interest suspense account	12,542,172	10,524,145
xi) Cumulative amount of written of loans and advances		
Opening Balance	-	-
Amount written off during the year	-	-
Amount recovered against loans and advances previously written off	-	-
Balance of written off loans and advances yet to be recovered	-	-
<b>6.6 Classification of loans and advances</b>		
Unclassified:		
Standard (including Staff Loan and Loan against Deposits)	21,643,904,638	18,047,949,757
Special mention account (SMA)	6,862,536	7,920,946
	<u>21,650,767,174</u>	<u>18,055,870,703</u>
Classified:		
Sub-standard	3,905,328	1,531,747
Doubtful	11,591,033	3,210,790
Bad/loss	2,340,486	2,053,101
	<u>17,836,847</u>	<u>6,795,638</u>
	<u>21,668,604,021</u>	<u>18,062,666,341</u>

**6.7 Calculation of provision for loans and advances as per Loan Classification Report as on June 30, 2011**

Nature	Base for provision	Rate	Provision required
Standard	20,967,122,528	1%	209,671,225
Special Mentioned account	6,173,033	5%	308,652
Sub- standard	-	20%	-
Doubtful	811,832	50%	405,916
Bad	-	100%	-
Staff	133,118,229	1%	1,331,182
Loan against Deposit - Standard	543,663,881	1%	5,436,639

	2010-2011	2009-2010
	Taka	Taka

**7 Fixed assets including land, building, furniture and equipments**

*Freehold assets (Cost):*

Furniture & fixture	33,272,475	30,724,665
Office equipment	35,272,571	36,865,040
Vehicles	14,135,225	10,425,958
Building	4,785,450	4,785,450
Land	1,143,750	1,143,750
Intangible asset	1,160,195	1,160,195

*Leasehold assets:*

Motor vehicle	8,600,000	8,600,000
	98,369,666	93,705,058
Less: Accumulated depreciation	57,605,550	47,762,879
	40,764,116	45,942,179

Detailed are shown in annexure A.

**8 Other assets**

Accounts receivable (Note-8.1)	110,440,573	76,995,900
Advances, deposits and prepayments (Note-8.2)	6,894,057	6,265,138
Deferred tax assets (Note-8.3)	4,135,853	-
	121,470,483	83,261,038

**8.1 Accounts receivable**

Interest receivable	87,730,349	76,416,895
Sundry receivable	22,710,224	579,005
	110,440,573	76,995,900

**8.2 Advances, deposits and prepayments**

Advance to employees	161,596	93,394
Advance to suppliers	-	278,655
Security deposits	3,110,150	2,807,650
Advance rent	1,744,170	1,648,736
Stamps and pay order in hand	1,878,141	1,436,703
	6,894,057	6,265,138

	2010-2011	2009-2010
	Taka	Taka
<b>8.3 Deferred tax assets</b>		
Balance as on July 1	-	33,199,008
Add: Deferred Tax assets	4,135,853	-
Less: Deferred tax released	-	(33,199,008)
	4,135,853	-
<b>9 Borrowing from other banks and financial institutions</b>		
Inside Bangladesh (Note 9.1, 9.2)	5,035,891,695	6,021,197,930
Outside Bangladesh (Note 9.3)	2,352,479,817	500,859,823
	7,388,371,512	6,522,057,753
<b>9.1 Inside Bangladesh</b>		
Secured long-term loans		
Uttara Bank Limited	72,022,359	103,830,650
Sonali Bank Limited	-	25,290,000
Pubali Bank Limited	130,000,000	230,000,000
Commercial Bank of Ceylon plc	126,520,000	166,600,000
	328,542,359	525,720,650
Zero Coupon Bond		
Prime Bank Limited	150,000,000	225,000,000
Unsecured long-term loans		
Bangladesh Bank (housing refinance)	4,300,401,839	4,099,028,642
	4,300,401,839	4,099,028,642
Bank Overdraft		
Prime Bank Limited	35,255,715	738,485
Commercial Bank of Ceylon plc	208,840,748	319,823,020
Citi Bank N.A	2,976,204	6,362,850
HSBC	9,874,830	8,545,820
Standard Chartered Bank	-	978,463
	256,947,497	336,448,638
<b>9.2 Call loans</b>		
The City Bank Limited	-	235,000,000
Standard Bank Limited	-	100,000,000
Sonali Bank Limited	-	80,000,000
Mercantile Bank Limited	-	160,000,000
Jamuna Bank Limited	-	100,000,000
Brac Bank Limited	-	110,000,000
Pubali Bank Limited	-	50,000,000
	-	835,000,000
Total inside Bangladesh	5,035,891,695	6,021,197,930

	2010-2011	2009-2010
	Taka	Taka
<b>9.3 Outside Bangladesh</b>		
Netherlands Development Finance Company (FMO)	2,140,829,817	474,659,633
International Finance Corporation (IFC)	-	26,200,190
Triodos	211,650,000	-
	<u>2,352,479,817</u>	<u>500,859,823</u>
<b>9.4 Security against borrowings from other banks and financial institutions</b>		
Secured	3,087,969,673	1,588,029,111
Unsecured	4,300,401,839	4,934,028,642
	<u>7,388,371,512</u>	<u>6,522,057,753</u>
The aforesaid secured loans except loan from Sonali Bank Ltd. and overdraft from Commercial Bank of Ceylon (CBC) 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. Loan from Sonali Bank Ltd. is secured by lien over foreign exchange deposits with Bangladesh Bank and Bank overdraft except overdraft from CBC are secured by FDR.		
<b>9.5 Maturity grouping of borrowings from other banks and financial institutions</b>		
Payable on demand	256,947,497	1,171,448,638
Up to 1 month	26,190,574	17,685,095
Over 1 month but within 3 months	125,450,137	107,885,931
Over 3 months but within 1 year	556,883,217	443,630,234
Over 1 year but within 5 years	2,512,568,553	1,811,944,158
Over 5 years	3,910,331,534	2,969,463,697
	<u>7,388,371,512</u>	<u>6,522,057,753</u>
<b>10 Deposits and other accounts</b>		
Term deposits ( Note: 10.1)	<u>13,307,831,582</u>	<u>12,630,107,690</u>
<b>10.1 Term deposits</b>		
Balance as on 01 July	12,630,107,690	9,845,597,129
New deposits	13,712,925,694	11,943,078,394
	<u>26,343,033,384</u>	<u>21,788,675,523</u>
Repayment made during the year	<u>13,035,201,802</u>	<u>9,158,567,833</u>
Balance as at 30 June	<u>13,307,831,582</u>	<u>12,630,107,690</u>

	2010-2011	2009-2010
	Taka	Taka
<b>10.2 Group-wise break-up of deposits and other accounts</b>		
Government	-	-
Bank	300,000,000	660,000,000
Other institutions	6,994,025,129	7,259,775,553
Individuals	6,013,806,453	4,710,332,137
	<u>13,307,831,582</u>	<u>12,630,107,690</u>
<b>10.3 Maturity analysis of deposits</b>		
Payable on demand	-	-
Up to 1 month	312,859,094	346,772,764
Over 1 month but within 6 months	1,402,964,238	1,432,204,026
Over 6 months but within 1 year	1,555,124,175	1,334,432,404
Over 1 year but within 5 years	645,208,450	470,937,913
Over 5 years but within 10 years	8,059,472,568	7,778,864,844
Over 10 years	1,332,203,057	1,266,895,739
	<u>13,307,831,582</u>	<u>12,630,107,690</u>
<b>11 Other liabilities</b>		
Liabilities under finance lease (Note: 11.1)	4,511,903	6,173,187
Provision for loans & Investment (Note: 11.2)	456,317,911	366,979,094
Provision for income tax (Note: 11.3)	165,053,375	101,149,604
Interest suspense (Note: 11.4)	12,542,172	10,524,145
Other payables (Note:11.5)	1,409,590,594	1,107,206,502
	<u>2,048,015,955</u>	<u>1,592,032,532</u>
<b>11.1 Liabilities under finance lease</b>		
Balance as on July 1	6,173,187	7,635,262
Add: addition during the year	-	-
	<u>6,173,187</u>	<u>7,635,262</u>
Less: Repayment during the year	1,661,284	1,462,075
Balance at 30 June	<u>4,511,903</u>	<u>6,173,187</u>
<b>11.1.1 Aging analysis of liabilities under finance lease</b>		
Up to 1 month	148,267	130,476
Over 1 month but within 3 months	301,319	265,157
Over 3 months but within 1 year	1,293,839	1,265,650
Over 1 year but within 5 years	2,768,478	4,511,904
Over 5 years	-	-
	<u>4,511,903</u>	<u>6,173,187</u>



	2010-2011	2009-2010
	Taka	Taka
<b>11.2 Provision for loans and investment</b>		
Balance as on July 1	366,979,094	216,237,991
Provision written off	-	-
Provision charged for the year	89,338,817	150,741,103
Provision recovered for the year	-	-
Balance as on 30 June	456,317,911	366,979,094
<b>11.2.1 General provision</b>		
Balance as on July 1	180,626,663	132,825,007
Charged during the year	37,659,377	47,801,656
	218,286,040	180,626,663
<b>11.2.2 Specific provision</b>		
Balance as on July 1	174,344,626	82,981,843
Provision written off	-	-
Provision recovered during the year	-	-
Provision charged for the year	55,318,743	91,362,783
Provision no longer required written back.	-	-
Balance as on 30 June	229,663,369	174,344,626
<b>11.2.3 Provision for diminutions in the value of investments</b>		
Balance as on July 1	12,007,805	431,141
Provision written back during the year	(3,639,303)	11,576,664
	8,368,502	12,007,805
Total Provision for loans and investments	456,317,911	366,979,094
<b>11.3 Provision for income tax including deferred tax</b>		
Balance as on July 1	100,345,522	32,611,843
Addition during the year (Current tax)	409,755,367	298,637,619
Advance tax paid	(345,047,514)	(230,903,940)
	165,053,375	100,345,522
Deferred tax liability	-	804,082
	165,053,375	101,149,604
<b>11.4 Interest suspense</b>		
Balance as on July 1	10,524,145	7,733,966
Interest suspended during the year	2,018,027	2,790,179
Recovery of suspended interest during the year	-	-
Written off suspended interest during the year	-	-
	12,542,172	10,524,145

	2010-2011	2009-2010
	Taka	Taka
<b>11.5 Other payables</b>		
Interest payable on deposits & loans	1,220,516,187	964,161,778
Sundry creditors	75,048,894	58,739,213
Unclaimed instruments	8,983,281	8,316,289
Payable to clients	37,629,476	29,254,704
Loan under litigation	2,585,330	857,545
Privileged creditors	50,927,511	32,158,045
Liability for expenses	3,899,915	3,718,928
Preference share dividend payables	10,000,000	10,000,000
	<u>1,409,590,594</u>	<u>1,107,206,502</u>
<b>12 Share capital</b>		
<b>12.1 Authorized capital</b>		
199,995,000 Ordinary shares of Tk. 100 each	1,999,500,000	1,999,500,000
5,000 Preference shares of Tk. 100 each	500,000	500,000
	<u>2,000,000,000</u>	<u>2,000,000,000</u>
<b>12.2 Issued, subscribed, called and paid -up capital</b>		
a) Ordinary shares		
4,036,500 Ordinary shares of Taka 100 each		
(2009-10: 3,510,000 ordinary shares of Taka 100 each)	403,650,000	351,000,000
526,500 Ordinary shares Taka 100 each issued as bonus share	-	52,650,000
1,009,125 Ordinary shares Taka 100 each issued as bonus share	100,912,500	-
	<u>504,562,500</u>	<u>403,650,000</u>
b) Preference shares		
400 Shares of TK. 100 each (Issued at a premium of Tk. 249,900 per share in cash)	40,000	40,000
	<u>504,602,500</u>	<u>403,690,000</u>
<b>12.3 Paid-up capital of the Company is held by the following shareholders</b>		
a) Ordinary shares		
Local shareholders:		
Delta Life Insurance Company Ltd.	875,000	87,500,000
BRAC	927,810	92,781,000
Green Delta Insurance Company Ltd.	772,249	77,224,900
General shareholder	1,237,192	123,719,200
	<u>3,812,251</u>	<u>381,225,100</u>
Foreign shareholders:		
International Finance Corporation	616,687	61,668,700
HDFC Investments Ltd. (HIL), India	616,687	61,668,700
	<u>1,233,374</u>	<u>123,337,400</u>
b) Preference shareholders		
Industrial Promotion and Development Company of Bangladesh Ltd.	400	40,000
	<u>5,046,025</u>	<u>504,602,500</u>

**12.4 Classification of shareholders by holding as required by Regulation 37 of the Listing Regulation of Dhaka Stock Exchange Ltd.**

Shareholding range	No. of shareholders	No. of shares	% of share holding
01-500	2190	185,565	3.68%
501-5000	168	252,573	5.01%
5001-10000	18	141,350	2.80%
10001-20000	9	138,874	2.75%
20001-30000	4	102,852	2.04%
30001-40000	2	71,587	1.42%
40001-50000	0	-	0.00%
50001-100000	3	225,791	4.47%
100001-1000000	6	3,927,033	77.83%
		<u>5,045,625</u>	<u>100%</u>

	2010-2011	2009-2010
	Taka	Taka
<b>13 Share premium account</b>		
Preference shares	99,960,000	99,960,000
Ordinary shares	55,000,000	55,000,000
	<u>154,960,000</u>	<u>154,960,000</u>
<b>14 Statutory reserve</b>		
Balance as on July 1	266,355,300	204,885,128
Add: addition during the year (20% of profit after tax)	100,413,565	61,470,172
Balance at 30 June	<u>366,768,865</u>	<u>266,355,300</u>
This reserve has been created as per the provision of Financial institution Rules 1993.		
<b>15 Other reserve</b>		
Contingency reserve (Note 15.1)	340,000,000	260,000,000
General reserve (Note 15.2)	18,000,000	18,000,000
Dividend equalization reserve (Note 15.3)	70,000,000	30,000,000
	<u>428,000,000</u>	<u>308,000,000</u>
<b>15.1 Contingency reserve</b>		
Balance as on July 1	260,000,000	200,000,000
Add: addition during the year	80,000,000	60,000,000
Balance at 30 June	<u>340,000,000</u>	<u>260,000,000</u>
<b>15.2 General reserve</b>		
Balance as on July 1	18,000,000	18,000,000
Add: addition during the year	-	-
Balance at 30 June	<u>18,000,000</u>	<u>18,000,000</u>

	2010-2011	2009-2010
	Taka	Taka
<b>15.3 Dividend equalization reserve</b>		
Balance as on July 1	30,000,000	15,000,000
Add: addition during the year	40,000,000	15,000,000
Balance at 30 June	70,000,000	30,000,000
<b>16 Business commitments and contingencies</b>		
<b>16.1 Contingent liabilities</b>	59,923,470	67,714,219
<p>The company has not recognised tax liability of Tk. 59,923,470 for the assessment year 2007-2008 assessed by the Deputy Commissioner of Taxes by disallowing accrued interest on deposits and simple interest charged on net tax payable as per assessment order. The above amount is due to disallowances of accrued interest on deposit and for simple interest thereon.</p> <p>Consequently, there is a contingent liability for the above amounts which have not been recognised as liability in anticipation of consequential relief will be granted in favour of the Company since accrued interest on deposits has been accepted as allowable expense for the assessment year 2008-09</p>		
<b>16.2 Other commitments</b>		
<p>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:</p>		
Housing finance commitments outstanding	394,625,000	349,720,000
Bank borrowing commitments outstanding	-	-
<b>16.3 Capital expenditure commitments</b>		
a) Contracted and incurred but not provided for in the accounts	-	-
b) Approved by the Board but not contracted for	-	-
<b>16.4 Unacknowledged debts</b>		
The Company had on claim, legal or other, against it which has not been acknowledged as debt at the balance sheet date.	-	-
<b>17 Interest income</b>		
Interest on loans	2,426,080,451	2,057,319,423
Interest on placement with other banks & BB FX deposits	222,694,290	252,226,422
Interest on call loans	40,541,563	-
	2,689,316,304	2,309,545,845

	2010-2011	2009-2010
	Taka	Taka
<b>18 Interest on deposits and borrowing</b>		
Interest on term loans	401,384,215	257,879,947
Interest on deposits	1,309,912,972	1,207,354,502
Interest on short-term borrowing	46,335,389	46,617,681
Interest on non-convertible zero coupon bond	19,787,751	24,779,588
Interest on overdraft	8,984,191	8,360,924
Interest on finance lease	671,432	870,641
Borrowing cost	12,428,726	-
	<u>1,799,504,676</u>	<u>1,545,863,283</u>
<b>19 Income from investments</b>		
Gain on sale of marketable securities	229,119,592	150,007,138
Dividend income	15,897,940	4,346,772
Interest on Orascom Telecom Bond	27,375,000	6,870,000
	<u>272,392,532</u>	<u>161,223,910</u>
<b>20 Commission, exchange and brokerage</b>		
Loan fees	63,765,301	72,893,074
Other charges and fees	34,548,406	33,358,507
	<u>98,313,707</u>	<u>106,251,581</u>
<b>21 Other operating income</b>		
Property service income	1,434,779	1,471,316
Misc income	3,327,931	4,116,861
	<u>4,762,710</u>	<u>5,588,177</u>
<b>22 Salary and allowances</b>	<u>150,026,984</u>	<u>160,766,116</u>
Salary and allowances include annual contribution of Tk.4,667,667 to provident fund and Tk. 6,735,609 to gratuity fund.		
<b>23 Rent, taxes, insurance, electricity, etc.</b>		
Rent, rate & taxes	20,538,581	13,247,915
Insurance	721,748	1,071,370
Electricity	2,637,653	2,715,461
Water	306,722	336,189
	<u>24,204,704</u>	<u>17,370,935</u>



	2010-2011	2009-2010
	Taka	Taka
<b>24 Legal and professional expense</b>		
Law charges	472,999	688,218
Other professional charges	1,290,075	971,605
	<u>1,763,074</u>	<u>1,659,823</u>
<b>25 Postage, stamps and telecommunication</b>		
Postage & courier service	888,496	646,858
Stamp expenses	1,733,338	2,504,929
Telephone & internet	3,098,405	2,888,972
	<u>5,720,239</u>	<u>6,040,759</u>
<b>26 Stationery, printing, advertisement etc.</b>		
Printing	3,515,930	3,865,508
Stationery	2,021,392	2,028,840
Publicity and advertisement	19,195,554	8,848,142
	<u>24,732,876</u>	<u>14,742,490</u>
<b>27 Director's fees</b>		
Honorium for attending meeting	310,000	228,000
Incidental expense for attending meeting	321,955	131,355
	<u>631,955</u>	<u>359,355</u>
<b>28 Auditors' fees</b>		
Statutory annual audit fees (including VAT)	189,750	189,750
	<u>189,750</u>	<u>189,750</u>
<b>29 Depreciation, repairs &amp; maintenance</b>		
Freehold assets	18,814,608	8,127,636
Leasehold assets	1,816,182	1,475,200
Intangible assets	268,021	213,143
	<u>20,898,811</u>	<u>9,815,979</u>
<b><u>Repairs &amp; maintenance</u></b>		
Vehicle	965,638	790,581
Office equipment & premises	4,645,337	3,863,923
Computer hardware & software	1,804,047	1,695,212
	<u>7,415,022</u>	<u>6,349,716</u>
	<u>28,313,833</u>	<u>16,165,695</u>

	2010-2011	2009-2010
	Taka	Taka
<b>30 Other expenses</b>		
Staff training & recruitment expense	2,220,099	1,453,581
Office security	1,082,115	839,227
Transportation, travelling & conveyance	8,112,841	6,472,486
Canteen expense	1,330,833	1,455,148
Business promotion & entertainment	722,473	720,572
Car fuel	1,294,683	1,202,515
Books and papers	114,143	134,830
Bank charges	1,872,253	1,945,371
Subscription and Fees	1,186,240	1,652,217
Public relation & AGM expense	372,710	415,195
Outsource agency charges	2,812,139	2,066,856
Staff welfare	-	700,000
Loss on disposal of fixed asset	2,689,316	23,745
Donation	-	1,000,000
Misc expense	115,245	86,894
	<u>23,925,090</u>	<u>20,168,637</u>
<b>31 Retained earnings</b>		
Balance as on July 01	171,588,760	123,028,074
Add: Profit after tax for the year transferred from Profit & Loss Account	502,067,823	307,350,858
Accumulated profit available for distribution	<u>673,656,583</u>	<u>430,378,932</u>
Less: Appropriations		
Transferred to statutory reserve	100,413,565	61,470,172
Transferred to contingency reserve	80,000,000	60,000,000
Transferred to dividend equalisation reserve	40,000,000	15,000,000
Dividend on preference share	10,000,000	10,000,000
Cash dividend paid for last year	40,365,000	59,670,000
Issue of bonus shares for previous year	100,912,500	52,650,000
	<u>371,691,065</u>	<u>258,790,172</u>
Balance as on June 30	<u>301,965,518</u>	<u>171,588,760</u>
<b>32 Earnings per share</b>		
Profit after tax	502,067,823	307,350,858
Less: Preference share dividend	10,000,000	10,000,000
Profit available for ordinary shareholders	<u>492,067,823</u>	<u>297,350,858</u>
Ordinary shares outstanding until 30 June 2010	4,036,500	4,036,500
Bonus issue (15%) during 2011	1,009,125	1,009,125
Number of shares outstanding for calculating basic EPS	<u>5,045,625</u>	<u>5,045,625</u>
Basic earnings per share	98	59

### 33 Dividend on preference shares

A dividend of Tk. 25,000(2009-2010 :Tk.25,000) per preference share of Tk.100 each amounting to Tk 10,000,000 is payable during the year under audit.

### 34 Dividend on ordinary shares

#### a. Proposal of dividend:

The Board of Directors in its 63rd meeting held on 15 September 2011 has recommended 100% stock dividend i.e. one bonus share for each ordinary share held for the year ended 30 June 2011 for placement before shareholders for approval at 15th Annual General Meeting of the company.

#### b. Bonus share issued to non -resident shareholders:

The Company's non resident shareholders as on 30 June 2011 include two foreign investors holding total 1,233,374 shares (2009-10 :986,700 ). The shareholders in its 14th AGM approved 25% stock dividend and 10% cash dividend for the year ended 30 June 2010. Accordingly 246,674 bonus shares amounting to Tk. 24,667,400 were issued and cash dividend remitted duly to non resident shareholders during the year under review.

### 35 Foreign currency inward/outward remittance

Name of the Organisation	Currency	Particulars	Amount in FC	Amount in Tk.
<b>Outward Remittance</b>				
International Finance Corporation	USD	Principal	381,072	26,200,190
International Finance Corporation	USD	Interest	7,720	548,972
FMO	BDT	Principal		96,329,817
FMO	BDT	Interest		84,580,275
FMO	EUR	Training Participation Fees	298	29,803
Singapore Institute of Management	SGD	Membership renewal Fees	161	8,932
Singapore Institute of Management	SGD	Training Participation Fees	2800	164,220
HDFC Limited	USD	Training Participation Fees	4964	349,598
<b>Inward Remittance</b>				
FMO	BDT	Loan		1,762,500,000
Triodos	BDT	Loan		211,650,000

### 36 Related party transaction

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

Name of the related parties	Relationship	Particulars	Expenses incurred during the year Taka	Balance payable as at 30 June 2011 Taka
Delta Life Insurance Company Ltd.	Shareholder	Insurance premium	1,005,842	-
Green Delta Insurance Company Ltd.	Do	Insurance premium	769,280	-
International Finance Corporation (IFC)	Do	Interest	519,712	-

### 37 Number of employees

During the year under audit, there were 147 (2009-2010: 149) employees employed for the full period and 22 (2009-2010:16) employees for less than full period at a remuneration of Taka 3,000 and above per month.

	2010-2011	2009-2010
	Taka	Taka

### 38 Receipts from other operating activities:

Income from investments in securities	229,119,592	156,877,138
Income from property service	1,434,779	1,471,316
Miscellaneous receipts	3,327,931	4,116,861
	<u>233,882,302</u>	<u>162,465,315</u>

### 39 General disclosure

#### 39.1 Name of the Directors and entities in which they have interest as Director as at 30 June 2011

Name	Position DBH	Involvement in other organization	
		Name of the Organization in which they have interest	Position
Mr. Faruq A Choudhury	Chairman	BRAC	Member, Governing Body
Mr. Muhammad A. (Rume) Ali	Director	BRAC Bank Ltd.	Chairman
		Brac BD Mail Network Ltd.	Director
		Documenta TM Ltd.	Chairman
		Bangladesh Netting Factory Ltd.	Chairman
		BRAC Karnafuli Tea Co. Ltd.	Director
		BRAC Kayacherra Tea Co. Ltd.	Director
		BRAC Banskhalia Tea Co. Ltd.	Director
		BRAC Kodala Tea Co. Ltd.	Director
		BRAC Industries Limited	Director
		BRAC Services Ltd. (BRAC Centre Inn)	Chairman
		BRAC Equity Partners Ltd.	Chairman
		BRAC Equity Partners Stock Brokerage Ltd.	Chairman
		BRAC	Member, Governing Body
		BRAC Foundation	Member, Governing Body
		bkash Ltd.	Chairman
		BRAC Sajaan Exchange Ltd.	Chairman
Dr. Syed Mukarram Ali	Director	Delta Hospital Ltd.	Chairman & Managing Director
		Delta Life Insurance Company Ltd.	Director
		Delta Medical College	Chairman, Governing Body
Mr. Nurul Huda	Director	Delta Life Insurance Co. Ltd.	Director
		Delta Hospital Ltd.	Director
Mr. Mohammed Syedul Islam	Director	Delta Life Insurance Co. Ltd.	Director
		Delta Hospital Ltd.	Director
Dr. Kabir Hussain Choudhury	Director	Green Delta Insurance Company Ltd.	Director
Mr. Nasir A. Choudhury	Director	Green Delta Insurance Company Ltd.	Managing Director
		Nascom (Pvt.) Ltd.	Chairman & MD
		Green Delta Securities Ltd.	Chairman
		Progressive Life Insurance Co. Ltd.	Director
		United Hospital (Pvt) Ltd.	Director
		Green Delta LR Financial Services Ltd.	Chairman
		Green Delta LR Holdings Ltd.	Chairman
Mr. Pradeep Kumar Mukherjee	Director	HDFC	Senior GM, Eastern Region India
Mr. Ishtiaq Mohiuddin	Director	BRAC	Director, Microfinance
		SAJIDA Foundation	Member of General Body
Mr. Q. M. Shariful Ala	Managing Director & CEO	BRAC Bank Ltd.	Director
		MJL Bangladesh Ltd.	Director
		Mobil Jamuna Fuels Ltd.	Director

### 39.2 Audit Committee

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

Name	Status with the Company	Status with the Committee	Educational Qualification
Mr. Nasir A. Choudhury	Director	Chairman	MA
Mr. Faruq A Choudhury	Chairman	Member	MA
Dr. Syed Mukarram Ali	Director	Member	MBBS, FRC Path
Mr. Mohammed Syedul Islam	Director	Member	Masters in Geography
Mr. Q. M. Shariful Ala	Managing Director & CEO	Member	BSc (Econ), FCA

During the period from July 2010 to June 2011, the audit committee of the Board conducted 3 (three) meetings.

Sl No	Meeting No	Meeting Date
1	11th	29-Nov-10
2	12th	3-Mar-11
3	13th	26-May-11

The Committee discussed among others, the following issues:

Review of Internal Control Report.

Review of the Management Letter of the External Auditor of the company.

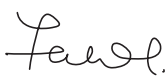
Review of the Credit Rating Report.

### 39.3 Events after the Balance Sheet date

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

### 39.4 Comparative information

Previous year's figures have been rearranged whenever considered necessary to conform current year's presentation.



**Faruq A Choudhury**  
Chairman



**Nasir A. Choudhury**  
Director



**Dr. Syed Mukarram Ali**  
Director



**Q. M. Shariful Ala**  
Managing Director & CEO



## Annexure-A

**Fixed assets including land, building, furniture and equipments - at cost less accumulated depreciation**

Amount in Taka

Particulars	C O S T				D E P R E C I A T I O N				Written down value of 30 June 2011
	Balance as on 1 July 2010	Additions during the year	Disposals during the year	Balance as at 30 June 2011	Balance as on 1 July 2010	Charged for the year	Adjustment on disposals	Balance as at 30 June 2011	
<b>Free hold assets:</b>									
Furniture & fixture	30,724,665	9,503,830	6,956,020	33,272,475	16,674,384	7,264,802	4,827,426	19,111,760	14,160,715
Equipment	36,865,040	5,026,718	6,619,187	35,272,571	21,493,788	8,426,368	5,401,342	24,518,814	10,753,757
Vehicles	10,425,958	4,859,500	1,150,233	14,135,225	5,100,504	3,005,744	827,372	7,278,876	6,856,349
Building	4,785,450	-	-	4,785,450	1,274,238	117,694	-	1,391,932	3,393,518
Land	1,143,750	-	-	1,143,750	-	-	-	-	1,143,750
	83,944,863	19,390,048	14,725,440	88,609,471	44,542,914	18,814,608	11,056,140	52,301,382	36,308,089
<b>Lease hold assets:</b>									
Motor vehicle	8,600,000	-	-	8,600,000	2,699,200	1,816,182	-	4,515,382	4,084,618
<b>Intangible asset</b>									
Software	1,160,195	-	-	1,160,195	520,765	268,021	-	788,786	371,409
Total 2011	93,705,058	19,390,048	14,725,440	98,369,666	47,762,879	20,898,811	11,056,140	57,605,550	40,764,116
Total 2010	84,895,411	9,513,211	703,564	93,705,058	38,539,552	9,815,979	592,652	47,762,879	45,942,179

**Annexure-B**

**Statement of tax position**

As at June 30, 2011

Accounting Year	Assessment Year	Present Status
2003-2004	2004-2005	Appeal with Supreme Court
2004-2005	2005-2006	Appeal with Supreme Court
2005-2006	2006-2007	Completed
2006-2007	2007-2008	Appeal with Supreme Court
2007-2008	2008-2009	Completed
2008-2009	2009-2010	Appeal with Supreme Court
2009-2010	2010-2011	Under Process



## Delta Brac Housing Finance Corporation Ltd.

Head Office: Landmark Building  
12-14 Gulshan North C/A, Gulshan-2  
Dhaka-1212, Bangladesh  
Tel: 8822374, 9882112, Fax: 9882110  
Web: www.deltabrac.com  
E-mail: dbh@deltabrac.com

### Proxy Form

I/We .....  
of ..... being a  
member of Delta Brac Housing Finance Corporation Ltd. and a holder of ..... shares hereby appoint  
Mr./Ms. .... of ..... as my/our proxy to vote for me/  
us and on my/our behalf at the 15th Annual General Meeting of the Company to be held on November 22, 2011 (Tuesday)  
and any adjournment thereof.

Signed this ..... day of ..... 2011.

Signature.....

Name.....  
(Member)

Revenue  
Stamp

Signature.....

Name.....  
(Proxy)

Folio/BO ID No.....

Folio/BO ID No.....

#### NOTES:

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



## Delta Brac Housing Finance Corporation Ltd.

Head Office: Landmark Building  
12-14 Gulshan North C/A, Gulshan-2  
Dhaka-1212, Bangladesh  
Tel: 8822374, 9882112, Fax: 9882110  
Web: www.deltabrac.com  
E-mail: dbh@deltabrac.com

### Attendance Slip

I/We hereby record my/our attendance at the 15th Annual General Meeting of Delta Brac Housing Finance Corporation Limited at **Army Golf Club (Hall Room), Dhaka Cantonment, Dhaka** as a holder of ..... shares of the Company.

Signature .....

Name .....  
(Member/Proxy)

Folio/BO ID No. ....

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







[www.deltabrac.com](http://www.deltabrac.com)