



HOUSE FULL OF DREAMS

From the time, we take our first steps, play with our first toys to all the times that lie beyond - one dream stands out in our minds. It is that of our dream home. In the confines of our dream home, we feel a sense of security and serenity that lies nowhere else on earth. Undoubtedly, it would be the place we would always want to be in. DBH makes your dream home a reality.

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THE FORTRESS OF SERENITY

LETTER OF TRANSMITTAL

All Shareholders

Bangladesh Bank
Registrar of Joint Stock Companies & Firms
Bangladesh Securities & Exchange Commission
Dhaka Stock Exchange Ltd.
Chittagong Stock Exchange Ltd.
A. Qasem & Company, auditor
Chairman, Audit Committee

Dear Sir/Madam,

Re: Annual Report for the year ended June 30, 2013.

We are pleased to enclose a copy of the Annual Report together with the audited financial statements including balance sheet as at June 30, 2013, income statement, cash flow statement and statement of changes in equity for the year ended June 30, 2013 along with notes thereon for your kind information and record.

Thank you.

Yours sincerely,



Jashim Uddin, FCS
Company Secretary

NOTICE OF THE 17TH ANNUAL GENERAL MEETING

Notice is hereby given that the 17th Annual General Meeting of the Company will be held on December 4, 2013 (Wednesday) at 11.00 a.m. at the La Vita Hall of Lakeshore Hotel & Apartments, Road- 41, House-46, Gulshan-2, Dhaka-1212 to transact the following business:

1. Consideration and adoption of Directors' Report, Audited Financial Statements for the year ended June 30, 2013 and the Auditors' Report thereon.
2. Declaration of dividend for the year ended June 30, 2013.
3. Appointment/Re-appointment of Directors and confirmation of appointment of the Independent Directors.
4. Appointment of Auditors and fixation of their remuneration.

By order of the Board

Sd/-

Jashim Uddin, FCS

Company Secretary

Dated: November 13, 2013

Notes:

- a. The Record Date of the Company was September 30, 2013 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 VALUES

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

CORPORATE PROFILE

Delta Brac Housing Finance Corporation Ltd. (DBH) is the pioneer, largest and specialist in Housing Finance institution in the private sector of the country. After commencing operation in the early 1997 the company has registered commendable growth in creating home ownership in Dhaka and other major cities of the country. At the same time, the company has been playing an active role in promoting the real estate sector to the large cross sections of prospective clients who had but yet unfulfilled dream of owning a home.

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

CORPORATE RESPONSIBILITY

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

VISION

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

MISSION

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

STRATEGIC OBJECTIVES

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

CORPORATE DIRECTORY

Head Office

Landmark Building (9th Floor)

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

Branches

Dhanmondi Branch

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

Motijheel Branch

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

Uttara Branch

House no. 79/A (3rd Floor)
Road no. 7, Sector no. 4
Uttara Model Town, Dhaka-1230
Phone: +880 (2) 8933057
Fax: +880 (2) 8958605

Chittagong Branch

BMA Bhaban (5th floor)
1367, CDA Avenue
GEC Circle, Chittagong
Phone: +880 (31) 2551224-6
Fax: +880 (31) 2551227

Sylhet Branch

19/A, Kumarpara Road, (1st Floor)
Kumarpara, Sylhet, Tel: + 880 (821) 2830352

Bankers

BRAC Bank Limited
Citibank, N.A.
Commercial Bank of Ceylon PLC
HSBC
Prime Bank Limited
Pubali Bank Limited
Standard Chartered Bank

Auditors

A. Qasem & Co.
Chartered Accountants
Gulshan Pink City
Suites # 01-03, Level # 7
Plot # 15, Road # 103
Gulshan Avenue, Dhaka-1212

Corporate Website

www.deltabrac.com

Corporate E-mail

dbh@deltabrac.com



THE
SAFEST
HAVEN

PROFILE OF THE BOARD OF DIRECTORS



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 studied 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 Abu Dhabi 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 Advisor 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.

PROFILE OF THE BOARD OF DIRECTORS



Mr. Nasir A. Choudhury, Advisor of Green Delta Insurance Company Limited (GDIC) has been in the insurance profession for over the last 50 years. After obtaining his Masters Degree from the University of Dhaka, he started his career in Karachi in the then Pakistan Insurance Corporation in 1958. Mr. Choudhury received advanced training in insurance and reinsurance from UK and Germany during 1961 and 1962. After the liberation of Bangladesh, he was responsible for arranging reinsurance for the newly established Bangladesh Insurance Corporation and subsequently for Sadharan Bima Corporation as General Manager. Mr. Choudhury was the Managing Director of GDIC since its inception until his retirement in May 2013.

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

Mr. Choudhury is one of the sponsors of Union Capital Limited and Director of Progressive Life Insurance Co. Limited and United Hospital (Pvt.) Limited and Chairman & Managing Director of Nascom (Pvt.) Ltd. Mr. Choudhury is also an 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 was honored with “Lifetime achievement Award” by The DHL-Daily Star in April 2010 for his outstanding contribution towards the development of the insurance industry in Bangladesh.

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

PROFILE OF THE BOARD OF DIRECTORS



Mr. Muhammad A. (Rume) Ali served at different levels in local and international banking sector. Prior to joining 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 EPL Investments Limited, BRAC EPL Stock Brokerage Limited and bKash Limited. He is a Director of BRAC Bank Limited and also 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. 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.

Mr. Ali has resigned from the Board of DBH effective from Nov. 1, 2013

PROFILE OF THE BOARD OF DIRECTORS



Mr. Rajeev Sardana 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, National Head - Self Employed Business and Loan against Property and also the Business Head, Eastern Region of HDFC. He has also been involved in consultancy assignments undertaken by HDFC in various countries across Asia to support and establish their housing finance institutions.

An alumnus of Shri Ram College of Commerce, University of Delhi, Mr. Sardana did his articles training with S B Billomoria & Company, Chartered Accountants, who are now part of the Deloitte group.

He has been a Director of DBH, nominated by HDFC Investments Limited, since March 2012.



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

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

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

PROFILE OF THE BOARD OF DIRECTORS



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

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

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



Mr. Swapan Kumar Sarkar is a Fellow Member of the Institute of Chartered Accountants of Bangladesh. Prior to joining the services of Delta Life Insurance Company Limited as Senior Vice President in the year 1997, he served at different levels in local and international companies. He had been promoted to the position of Deputy Managing Director of the Company in the year 2006. Now, he is serving as the Managing Director (incharge) of Delta Life Insurance Company Limited.

Mr. Sarkar completed B. Com. (Hons) and M. Com. majoring in Management from the Dhaka University before starting his career as a trainee accountant with Rahman Rahman Huq & Co. Chartered Accountants and worked there till 1981 after qualifying as a Qualified Assistant. He went abroad in the year 1990 to join as the Management Accountant in Chilanga Cement Limited, Zambia a subsidiary of Commonwealth Development Corporation and served there till December 1994. He also served as Chief Accountant in National Milling Co. Limited, Zambia from September 1995 to October 1996.

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

PROFILE OF THE BOARD OF DIRECTORS



Mr. Shameran Abed manages BRAC's microfinance operations, which serves more than five million clients in 7 countries in Asia and Africa and has a loan portfolio of more than \$850 million. He also serves on the board of BRAC Bank's mobile financial services subsidiary, bKash. Additionally, he sits on the Steering Committee of the Microfinance Network, an exclusive network of the world's largest and most admired microfinance institutions, and is a member of the World Economic Forum Financial Inclusion Steering Committee. Shameran is a lawyer by training, having been called to the Bar of England and Wales from the Honourable Society of Lincoln's Inn in London.

He has been a Director of DBH, nominated by BRAC, since July 2013.



Mr. Mahibul Islam Chowdhury did his M. A. in History from the University of Dhaka and M.S. in Agricultural Extension Programme from the University of Wisconsin, Madison, U.S.A. He joined the Govt. Services of the then Pakistan and continued his services in Bangladesh also for 33 long years. He served the country in various capacities and was appointed as the Secretary, Ministry of Information in the year 1999, later he was appointed as the Secretary, Ministry of Land and served the position till his retirement in the year 2002.

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

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

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

PROFILE OF THE BOARD OF DIRECTORS



Ms. Syeda Rizwana Hasan is an enrolled lawyer with the Supreme Court of Bangladesh. Ms. Rizwana did her masters and graduation in law from the University of Dhaka with distinction. She has been working, since 1993, in different capacities for BELA (Bangladesh Environmental Lawyers Association), a national NGO. Presently, she is working as Chief Executive of BELA and her main focus is to promote the notion of environmental justice in Bangladesh.

As the Chief Executive of BELA, Ms. Rizwana is responsible for the overall co-ordination of the activities of BELA that include research, awareness, raising public interest litigation (PIL) and advocacy. She has a few publications to her credit. Notable amongst these are “Laws Regulating Environment in Bangladesh” and “Judicial Decisions on Environment in South Asia”.

Ms. Rizwana is the Chairperson of RDRS, a leading Bangladeshi NGO. She is a member of other NGOs including FIVDB, Nijera Kori and Association of Land Reforms and Development (ALARD). Her organization is a member of the NGO Platform on Ship Breaking, IUCN.

Ms. Rizwana and BELA, the organization that she runs, have received many prestigious awards. Remarkable amongst these are ‘M. Saleem Ullah Memorial Gold Medal 2009’, ‘Annanya Top Ten Award’, ‘Celebrating Womenhood’ (2008) by Creative Statement and South Asia Partnership based in Nepal and ‘Goldman Environmental Prize’ (2009). She has been named as one of the 40 Environmental Heroes of the World by the TIME Magazine. Recognizing her impassioned leadership, uncompromising courage in the campaign of judicial activism, Rizwana has been awarded with the ‘Ramon Magsaysay Award’ in 2012.

She has been an independent Director of DBH, since December 2012

PROFILE OF THE MANAGING DIRECTOR & CEO



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

He has more than 30 years of corporate management experience, primarily in the financial services sector, both in Bangladesh and in the United Kingdom. He has served as a non-executive Director on the Boards of several prominent companies, including BRAC Bank Limited and Mobil Jamuna Lubricants Limited.

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

BOARD COMMITTEES

Audit Committee

Mr. Mahibul Islam Chowdhury
Chairman

Mr. Faruq A Choudhury
Mr. Nasir A. Choudhury
Mr. A Z Mohammad Hossain
Mr. Swapan Kumar Sarkar, FCA

Executive Committee

Ms. Mehreen Hassan, Bar-at-Law
Chairperson

Mr. Muhammad A. (Rumeel) Ali
Mr. Shameran Abed
Ms. Syeda Rizwana Hasan
Mr. Q. M. Shariful Ala, FCA



HOUSE
FULL OF
DREAMS



THE BEGINNING OF JOURNEYS

MANAGEMENT & EXECUTIVES

Q. M. Shariful Ala

Managing Director & CEO

Tanvir Ahmad

EVP & Head of Human Resources

Nasimul Baten

EVP & Head of Operations

A. K. M. Tanvir Kamal

EVP & Head of Credit

Md. Hassan Iftekhar Yussouf

EVP & Head of IT

Saiyaf Ejaz

SVP & Head of Recovery and Administration

Syed Aminul Islam

SVP & Head of Finance

Md. Zakaria Eusuf

VP & Head of Branch

Ashfakul Islam

VP - IT

Md. Fakrul Amin

SAVP & Head of Legal

Tabassum Samad Chowdhury

SAVP & Head of Deposit Operations

Moahedul Mowla

SAVP & Head of Branch - Chittagong

Md. Golam Rosul

SAVP & Head of Branch - Dhanmondi

Khandaker Satil Sayeed

SAVP & Head of Internal Audit

Nahid Ahmed

AVP & Manager - Treasury

Sabed Bin Ahsan

AVP & Branch Manager - Uttara

Khandaker Imran Habib

AVP & Manager - Sales (Deposits)

A. H. M. Mostofa Kamal

AVP & Manager - Technical

Mir Md. Mukhlesur Rahman

AVP & Manager - Credit

Md. Ariful Bari Rumi

AVP & Branch Manager - Motijheel

Jashim Uddin

AVP & Company Secretary

Md. Abdul Wadud

AVP & Manager - Finance & Accounts

Mohammad Manjurul Alam

Manager - Sales (Deposits)

Md. Mamunur Rashid Bhuiyan

Manager - Recovery & Legal

Sadhan Kumer Das

Manager - Customer Services

Imtiaz Elahi

Manager - Brand & Communications

Kazi Hasanul Islam

Manager - Loans

Oliul Haque Khandaker

Manager - Administration

Siddhartho Sangkor Kirtonia

Manager - IT

A. S. M. Muahidur Rahman

Manager - Loans

Md. Saiful Alam Talukder

Manager - Loans

OPERATIONAL AND FINANCIAL HIGHLIGHTS

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

As at and for the year ended

Operational Highlights					
Particulars	30-Jun-09	30-Jun-10	30-Jun-11	30-Jun-12	30-Jun-13
Loan approved	5,197	7,006	6,128	5,757	5,405
Loan disbursed	5,327	7,158	6,460	5,904	5,357
Cumulative loan disbursed	21,379	28,537	34,997	40,901	46,258
Cumulative sanctioned	23,057	30,063	36,161	41,948	47,353

Financial Highlights					
Particulars	30-Jun-09	30-Jun-10	30-Jun-11	30-Jun-12	30-Jun-13
Profit before tax	433	640	907	765	1,009
Profit after tax	234	307	502	404	528
Shareholders' fund	1,067	1,305	1,756	2,151	2,569
Total deposit	9,846	12,630	13,308	15,751	19,540
Long term borrowing	3,312	5,351	7,131	7,087	7,218
Housing loan portfolio	13,249	17,721	21,115	23,598	24,901
Total balance sheet size	16,386	22,049	24,501	27,641	33,004
NPL ratio (%)	0.12%	0.11%	0.14%	0.20%	0.26%
Return on equity (average equity)	26.19%	27.39%	34.40%	21.27%	22.95%
Earnings per share	6.38	7.37	9.75	3.91	4.47
Earnings per share (restated)	1.93	2.56	4.24	3.4	4.47
Book value per share	23.95	29.84	32.83	17.67*	21.27

* Restated figure

FINANCIAL HIGHLIGHTS AS REQUIRED BY BANGLADESH BANK

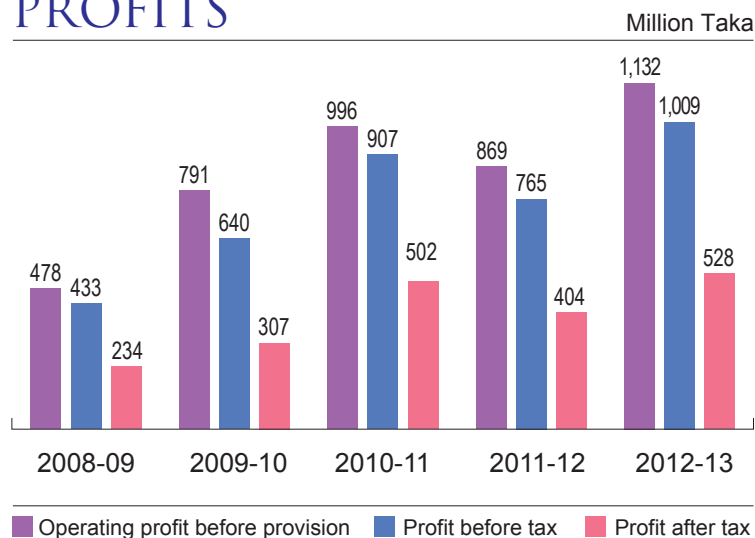
(Figures in million Taka except ratios and per share data)

As at and for the year ended

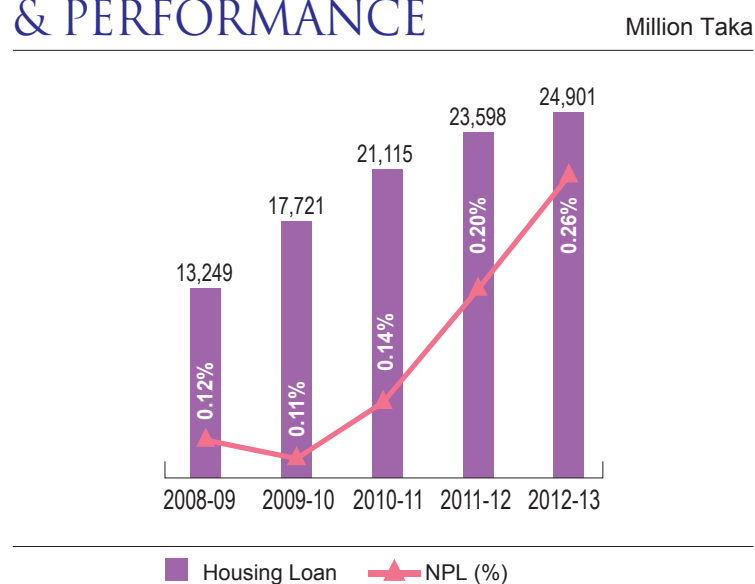
Particulars	30-Jun-13	30-Jun-12
Paid up capital	1,160	1,009
Total capital	2,569	2,151
Capital surplus/(deficit)	160	9
Total assets	33,004	27,641
Total deposits	19,540	15,751
Total loans & advances	25,267	24,039
Total contingent liabilities and commitments	434	508
Credit to deposit ratio (times)	1.29	1.53
Percentage of classified loans against total loans and advances	0.26%	0.20%
Profit after Tax & provision	528	404
Amount of classified loans and advances	64.43	27.72
Provision kept against classified loans and advances	64.43	27.72
Provision surplus/ deficit	335.24	197.41
Cost of fund	12.15%	11.07%
Interest earning assets	31,899	26,726
Non interest earning assets	1,105	915
Return on equity (ROE)	22.95%	21.27%
Return on asset (ROA)	1.74%	1.55%
Income from investment	2	34
Earnings per share	4.47	3.4*
Net income per share	4.47	3.91
Price earning ratio	14.81	21.38

* Restated figure

PROFITS

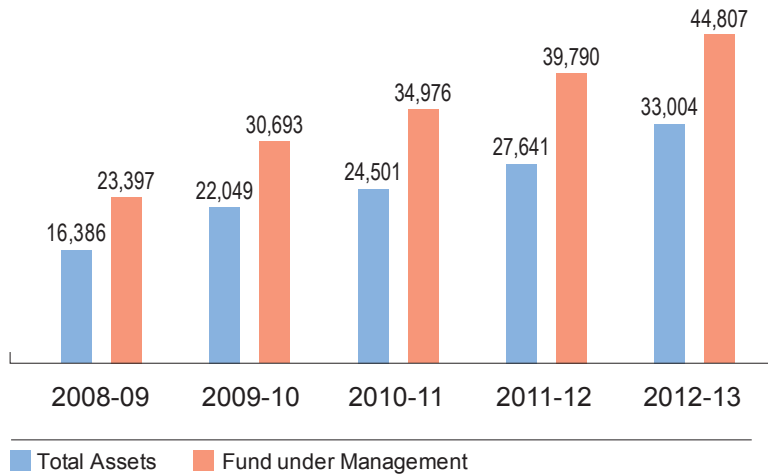


HOUSING LOAN PORTFOLIO & PERFORMANCE



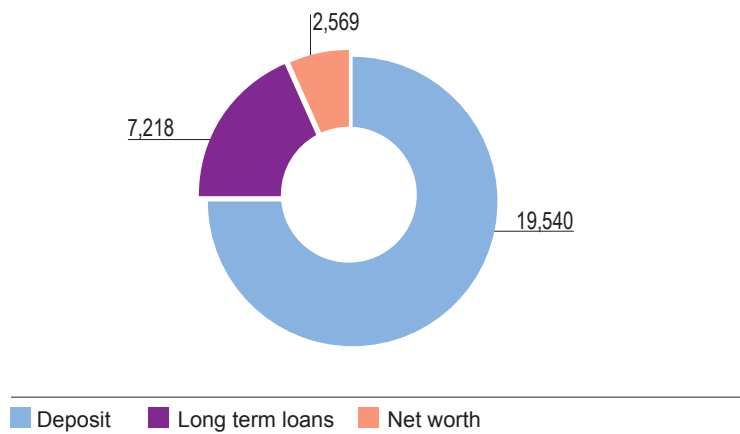
TOTAL ASSETS & FUND UNDER MANAGEMENT

Million Taka



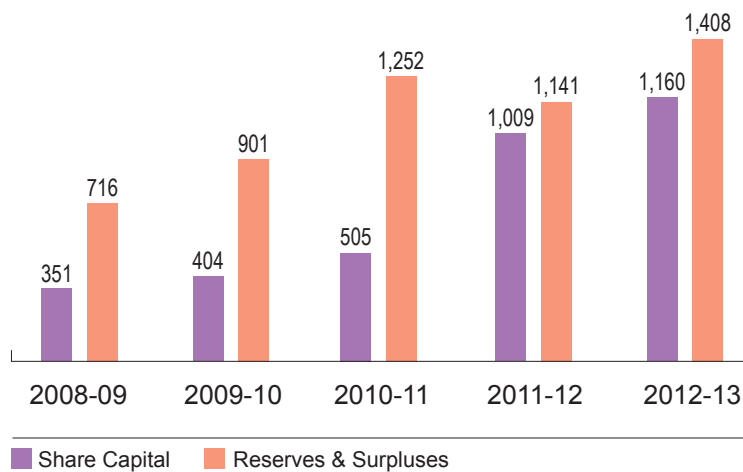
FUND EMPLOYED

Million Taka



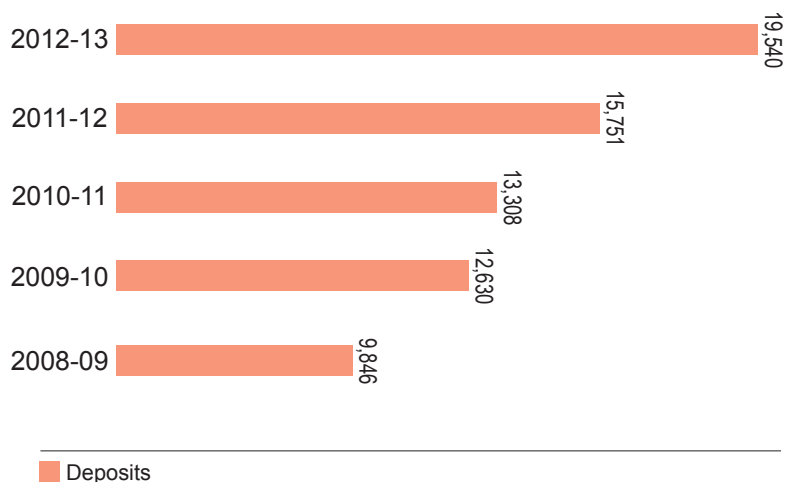
EQUITY

Million Taka



DEPOSITS

Million Taka



VALUE ADDED STATEMENT

For the year ended June 30, 2013

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

Particulars	2012-2013		2011-2012	
	Amount (Taka)	%	Amount (Taka)	%
Value added				
Net interest income	1,295,011,061	107.09%	982,609,534	103.40%
Fees earned	90,863,669	7.52%	92,043,624	9.69%
Investment income	2,396,211	0.20%	34,316,820	3.61%
Other income	28,263,069	2.34%	19,677,700	2.07%
Operating expense except salary & allowances, depreciation & amortization	(84,359,993)	-6.98%	(73,625,330)	-7.75%
Provision for loan, advances & investments	(122,935,786)	-10.17%	(104,752,443)	-11.02%
Total value added by the company	1,209,238,231	100%	950,269,905	100%
Distribution of Value added				
Employees				
As salary & allowances	186,607,930	15.43%	171,839,001	18.08%
Provider of capital				
Dividend to ordinary shareholders	290,123,438	23.99%	252,281,250	26.55%
Dividend to preference shareholders	10,000,000	0.83%	10,000,000	1.05%
Government				
Income tax	480,189,361	39.71%	360,452,703	37.93%
Retained for business growth				
Retained earnings	228,359,727	18.89%	141,961,569	14.94%
Depreciation and amortization	13,957,775	1.15%	13,735,382	1.45%
Total distribution	1,209,238,231	100%	950,269,905	100%

MARKET VALUE ADDED (MVA) STATEMENT

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

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

Market Value Added represents the confidence that the market places on the future stream of EVAs. The following statement shows how MVA has been arrived at for the year ended June 30, 2013 and 2012.

Particulars	Amount in BDT	
	30-Jun-13	30-Jun-12
Market value of shares outstanding	7,682,468,625	8,436,285,000
Book value of shares outstanding	1,160,493,750	1,009,125,000
Market value added	6,521,974,875	7,427,160,000

ECONOMIC VALUE ADDED (EVA) STATEMENT

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

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

EVA has been calculated by the following formula:

$$\text{EVA} = \text{Net Operating Profit} - \text{Taxes} - \text{Cost of Capital}$$

Particulars	Amount in BDT	
	2012-2013	2011-2012
Net operating Profit	1,131,608,312	869,447,965
Provision for taxes	480,189,361	360,452,703
Net operating Profit after tax (NOPAT)	651,418,951	508,995,262
Charges for capital		
Capital employed	2,979,774,229	2,462,112,425
Cost of equity (%)	13.50%	12.96%
Capital charges	402,269,521	319,089,770
Economic Value added	249,149,430	189,905,492
Capital employed as on June 30		
Shareholders' equity	2,568,566,006	2,150,539,702
Accumulated provision for doubtful accounts and future losses	679,372,395	561,070,354
Total capital employed	3,247,938,401	2,711,610,056
Average capital employed	2,979,774,229	2,462,112,425



THE
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MESSAGE FROM THE CHAIRMAN

Dear Shareholders,

I extend a very warm welcome to you all at the 17th Annual General Meeting (AGM) of the Company. On behalf of the Board of Directors, I would like to take this opportunity to express my sincere gratitude to all of you for the cooperation and trust that you have placed in us over the years. It is your kind patronage and active support that have always resulted in the continued success for the Company.

In the year 2012 - 2013, our expertise and financial strength have continued to be tested in a challenging business environment. However, our focus on adapting to changing market dynamics and challenges through innovation and modification has enabled us to move forward with progress and profitability.

Lack of activity in the real estate sector coupled with a sense of pessimism in the overall economy has affected our portfolio growth. Total assets employed by the Company increased by 19.40 percent to Taka 33.00 billion as on June 30, 2013. However, superior asset quality continues to be one of the strengths of DBH. Even in this challenging macro environment where Banks and Financial Institutions are experiencing rising defaults, the non-performing loan (NPL) of DBH remains below half percent. Presently, DBH has funds under management in excess of Taka 44.80 billion.



Even though this year the housing finance portfolio growth of DBH has been hindered, our operating profit before provisions has experienced a healthy rise of 30.15 percent to Taka 1,131.61 million. Considering the present market circumstances this in itself is a testament to the managerial efficiency of the Company. The Board has recommended Tk. 2.50 per share (25%) as cash dividend out of profit for the year ended June 30, 2013.

I am pleased to inform you that DBH has retained its highest credit rating of 'AAA' (triple A) for the 7th consecutive year. As a matter of fact, among all local banks and financial institutions, DBH is the only one to have retained the highest credit rating in such a consecutive manner. This reflects the financial strength and steadfastness of the Company.

The business in the real estate sector has been relatively sluggish during the year. However, the real estate sector continues to be one of the driving forces of the national economy. According to the Bangladesh Bureau of Statistics (BBS), the real estate housing and its related business is projected to contribute 6.35 percent to the national GDP this year. A swift recovery of the real estate sector will further promote strong backward and forward linkage industries, employment generation and economic emancipation.

Seventeen years ago we embarked on our journey as the sole private sector housing finance specialist in the country with a vision to promote home ownership among the growing middle income group of the country.

DBH, however realizes that its efforts are miniscule compared to the scale of untapped housing demand especially in the urban areas. According to REHAB, there is a demand of at least 100,000 new residential units in Dhaka city every year where as REHAB members can supply only 10,000 to 12,000 units each year. Undoubtedly the real estate is one of the most promising sectors of Bangladesh. However, a coordinated effort of all the stakeholders is necessary to realize the true potentials of this sector.

Nevertheless, DBH remains unwavering in its commitment to increase home ownership, which in turn provides families with a safe haven and a sense of security-all for the better of the society. Our Company is established on the core values of honesty, excellence in customer service, performance based evaluation, diligence and mutual respect.

We conduct our business in a socially responsible and ethically sound manner. This enables us to develop ourselves through innovating strategies, expanding partnership and maximizing value to the shareholders.

However, as a specialist housing finance institution we also feel the necessity of increased support from regulators and government to increase our contribution to this important sector. Currently, under Central Bank regulations, Financial Institutions (FIs) are not allowed to take term deposits shorter than six months whereas Scheduled Banks have access to these relatively cheaper funds. However, FIs are significant contributors in the financial sector and in recent years they have been performing better than their banking counter parts in many areas including controlling default loan and financial frauds. On the other hand, presently the commercial banks at times lack the willingness and the expertise to cater to the housing finance sector due to lower spread and higher tenure of loans in comparison to other investments.

Under the circumstances, in order to ensure a healthy growth of the housing sector and encourage the return of middle income clientele, the Central Bank should take necessary steps to resume housing refinance schemes to support non- bank financial institutions' lending in the real estate industry.

Our key objective for 2013 - 2014 is to source diversified avenues of economical funding so that we can move forward with our ultimate mission to strengthen the society by continually expanding home ownership. From the macro perspective, it may be added that overall investment scenario seems unsure with political uncertainty looming ahead of us. Therefore, 2013 - 2014 is set to be a very testing year for all the market participants including DBH. However, we have firm faith in our expertise and motivation to work harder which will propel us to cross over the challenges ahead of us.

I thank all our shareholders and my colleagues in the Board of Directors for their guidance and support. I also convey my sincere appreciation to the management and staff of DBH for their dedication and hard work under the able guidance of the Managing Director. I am also thankful to the Bangladesh Bank, Bangladesh Securities & Exchange Commission (BSEC) and the Registrar of Joint Stock Companies and Firms and the DSE & CSE for their support. We look forward to another year with hope and confidence.

A handwritten signature in black ink, appearing to read "Faruq".

Faruq A. Choudhury
Chairman

DIRECTORS' RESPONSIBILITY STATEMENT

Responsibility to Financial Statements

The Board of Directors of Delta Brac Housing Finance Corporation Limited would like to inform that the audited accounts containing the Financial Statements for the year ended 30th June 2013 are in conformity with the requirements of the Companies Act- 1994, Financial Institutions Act- 1993, International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted by ICAB, Securities & Exchange Rules- 1987 and the Listing Regulations of the Dhaka and Chittagong Stock Exchanges and they believe that the financial statements reflect fairly the form and substance of transactions carried out during the year and reasonably present the Company's financial condition and results of operations. These Financial Statements are audited by the Statutory Auditors, M/s. A. Qasem & Co. Chartered Accountants, Dhaka.

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

- (i) In the preparation of accounts, the applicable accounting standards have been followed;
- (ii) They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 30th June, 2013 and of the profit of the Company for the year ended on that date;
- (iii) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1994 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) They have prepared the annual accounts on an going concern basis.

Responsibility to Internal Control System

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

Opinion of the External Auditors

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

DIRECTORS' REPORT

Dear Shareholders,

The Directors of Delta Brac Housing Finance Corporation Limited have the pleasure of presenting the Directors' Report of your Company together with audited accounts for the year ended 30th June 2013.

Bangladesh Economy

Against the backdrop of prolonged national political turmoil and consequent disruption in the supply chain coupled with the slowing down of import related to industrial output, Bangladesh has struggled to achieve its targeted growth level this year. Bangladesh Bureau of Statistics (BBS) shows a GDP growth rate of 6.03 percent in FY 13, which was much lower than the government's growth target of 7.2 percent. GDP growth also slowed down marginally from last fiscal's 6.23 percent. However the government has again set a target for GDP growth in FY 14 @ 7.2 percent on the expectation of an accelerated growth in agriculture, industry and service sectors propelled by a possible turn around in world economy and also the government initiatives undertaken in resolving supply side constraints.

Moving away from the challenges of rising inflation and balance of payments pressures of FY 12, the economy faced a different set of challenges in FY13 arising from robust foreign remittance and export growth along with sluggish import growth leading to a sharp growth of Net Foreign Assets (NFA). More over continued dismal performance of the capital market, the international image crisis of the RMG sector coupled with cessation of the GSP facility on Bangladeshi products exported to U.S. market may also deter growth opportunities of the national economy in the coming days.

Going back to the review of FY 12, average inflation, has declined steadily, from a peak of 10.96 percent in February 2012 to 7.70 percent in June 2013 using the 1995/96 as base. This decline was driven by a steady fall in point to point food and non-food inflation until October 2012 when food inflation bottomed out at 5.57 percent. Since then food inflation began to rise and in June 2013 is 8.53 percent. Non-food inflation fell from a peak of 13.96 percent in March 2012 to 6.79 percent a year later. However, point to point non-food inflation has increased to 6.99 percent in June 2013. Looking ahead, the FY14 inflation target announced in the Budget is 7.00 percent using the 1995/96 base remains a challenge. The sizeable provision for a public sector wage rise in the budget and in the private sector the establishment of Wage Board for the garments industry will in turn have implications for the rest of the economy.

In the external sector, the current account balance (CAB) registered a USD 2.53 billion surplus in FY13, reflecting the increasing inflows of remittances bolstered by continued export expansion and declining imports. Import growth was sluggish in FY13, partly reflecting the significant fall in food import demand, lower petroleum imports as well as slower demand for imports related to manufacturing output. Remittance growth of 12.6 percent in FY13 is higher than the 10.2 percent growth in FY12, though this growth did slowdown to 4.2 percent during the second half of the year compared to the first half of FY13 when remittance growth was 22 percent. This slow-down is a function of a 34 percent drop in the number of migrant workers between July-April FY13 relative to the same period in FY12. The capital account shows that foreign direct investment has increased from USD1.2 billion in FY12 to USD 1.3 billion in FY13. Medium and long term loan disbursements rose from USD 1.5 billion in FY12 to USD 1.7 billion in FY13

and net aid flows increased from USD 671 million to USD 841 million during the same period. Improved external balances are reflected in the accumulation of international reserves to over USD 15 billion at the end of FY13, sufficient to cover 4.9 months of projected imports.

The Taka's value has appreciated by around 4.90 percent against the US dollar in the twelve months of FY 13. In June 2012, the USD/BDT rate stood at 81.82. However, with the gradual strengthening of foreign currency inflow the conversion rate eventually traded around 77.77 at year closing. Even though a strong taka minimizes the depletion of foreign currency reserve due to import related outflows, it also indicates a marginal impact on the export competitiveness. However, the Central Bank's intervention in the foreign exchange market has limited this loss significantly by slowing the appreciation of the Taka. Moreover initiatives like opening up working capital borrowing at lower interest rates from foreign sources to exporters in FY13, and increasing the Export Development Fund size, BB is actively promoting export competitiveness.

The Dhaka Stock Exchange (DSE) again witnessed a lackluster performance in FY 13. Defying the impetus provided by the government & the regulators the market has failed to rejuvenate after the collapse of FY 11. Market capitalization, which was about USD 53 billion at its peak in December 2010, closed at about USD 30 billion by June 2013. Adversely affected by very low investor confidence, the index failed to make a rebound. At the end of June 2013, the market index DGEN closed @ 4385.77 points against 4572.88 at the closing of the preceding financial Year. However as presently the dividend yield and price earnings ratio in the capital market in our country remains lower in comparison to those of other south and east asian bourses, Bangladesh remains a very lucrative market for capital market investments.

Finally, regarding growth in real economy, Bangladesh Bureau of Statistics' (BBS) provisional estimates reveal slower growth in agriculture and services sector contributed to slower GDP growth. The overall agriculture sector, which constitutes about 18.70 percent of GDP, experienced a lower growth of 2.17 percent in FY13 compared to 3.11 percent in FY12 largely due to the base effect of two consecutive years of record growth, lower output due to the falling farm-gate price of paddy/rice and also weather-related disruptions (e.g., cyclone Mahasen) in the coastal areas. The industrial sector in FY 13 comprises 31.99 percent of GDP. Overall industrial growth is estimated at 8.99 percent in FY13, higher than 8.90 percent growth in FY12, mainly driven by faster growth of construction and small scale industries whose respective growth was 8.05 percent and 6.76 percent in FY13 compared with 7.57 percent and 6.45 percent in FY12. The service sector which comprises 49.30 percent of GDP, experienced growth of 5.73 percent in FY13 from 5.96 percent in FY12, largely due to the moderate growth of wholesale and retail trade. The growth rate of wholesale and retail trade, that constitutes 14.05 percent of GDP and 28.0 percent of service sector, went down to 4.69 percent in FY13 from 5.63 percent in FY12. This is partly due to frequent national strikes and supply bottlenecks during the last fiscal year.

Performance of Financial Sector in 2012-13

In FY 2012-13, the Central Bank made a transition from a cautiously restrained monetary stance aimed at curbing credit growth and preserving external stability to a more balanced policy to ensure sufficient credit envelop to attain targeted real GDP growth while a careful consideration to combating inflation. Performance of major indicators of banking sector reflecting a movement of the risk weighted capital asset ratio, the gross NPL ratio and the net NPL ratio, ROE for all banks at the end of FY 2012-13 mostly remained at a comparable level relative to the closing figures of the previous financial year. The gross NPL ratio and the net NPL ratio of overall banking sector significantly increased and the risk weighted capital asset ratio declined to some extent during this year.

The risk weighted capital asset ratio for all banks was recorded at 9.12 percent at the end of June 2013 which was 11.31 percent at the close of the preceding financial year. The ratio of gross NPL of the banking sector made a huge jump from 7.17 in June 2012 to 11.91 percent at the close of June 2013. Same can be said about the net NPL ratio. The net NPL ratio rose from 1.71 percent at the close of FY 2011-12 to 4.43 percent in the 4th quarter of FY 2012-13. This significant deterioration in NPL status of the banking sector can be attributed to the change in classification policy brought out by the Central Bank and also the decline in the repayment capacity of borrowers due to pessimistic economic environment. Understandably the ROA for overall banking sector also suffered a sharp decline from 1.16 percent at the end of June 2012 to 0.61 percent at the close of June 2013.

The outstanding portfolio of credit disbursed by banks experienced a slower growth this year reflecting lean investment appetite in the business community. The bank credit portfolio increased by 15 percent and stood at Taka 5,830,777 million at end June 30, 2013, which was Tk. 5,069,642 million during the preceding year. On the resources side bank deposit figures grew by 16.84 percent on a year to year basis and was 5,356,388 million at the close of FY 2012-13. The Advance to deposit ratio (ADR) stood at 74.84 percent at the close of the financial year which was significantly lower than optimum limit. Accordingly the liquidity position of all bank groups (except SPBs as they are exempted from the compliance of SLR by Government rule) improved at the end of June 2013 and stood at 716.61 billion compared to 456.76 billion in June 2012 showing an easing of the money market.

At the retail level deposit rates have decreased gradually in FY 2012-13 reflecting a liquidity surplus in the market however lending rates have behaved downward stickier with slight downward shift. Also Bangladesh Bank focused more on monitoring interest rate spreads so that they remain below 5% except for SME lending and consumer lending. Interest rate spread for all banks, measured as the difference between weighted average rate of advances and deposit, decreased slightly from 5.79 percent at the end of June 2012 to 5.13 percent at the end of June 2013. However they continue to remain high for Foreign Commercial Banks (FCBs), whose average spreads are almost double that of the average of other banks.

The weighted average call money rate rose from 9.34 percent at the end of December 2012 to 10.29 percent at the end of January 2013. Afterwards, it gradually fell to around 7.0 percent at the end of June 2013. Overall yields on short term treasury bills e.g., 91-day decreased to 8.34 percent in June 2013 from 11.37 percent in June 2012, while 182-day, 364-day treasury bills rates also decreased to 10.23 percent and 10.36 percent respectively at end of June 2013 from 11.4 percent. at the end of June 2012. This was due to a significant increase in the appetite for short-term securities given their relatively attractive yields and growing liquidity in banks. Long-term bonds such as 5-year and 10-year increased to 11.55 percent and 12.16 percent respectively at the end of June 2013 from 11.45 percent and 11.60 percent in June 2012. The yields on 15-year, and 20-year BGTB also increased from 11.8 percent and 12.12 percent respectively to 12.40 and 12.48 percent in June 2013.

Central Bank continued its reform activities this year with a core focus on ensuring financial stability of the Banks, Non-bank Financial Institutions (NBFIs) and Micro Finance Institution (MFIs) operating in the market. As a response to the recent financial scams a stringent financial improvement plan has been set with the four SCBs and Basic Bank which includes differential ceilings on loan growth and the need to provide regular reporting to BB on a number of issues including loans beyond a certain limit, single borrower exposure, off-balance sheet items etc. Board accountability has been enhanced through a new monthly reporting form related to internal control and compliance which has to be co-signed by the board audit committee chair and the Managing Director.

Introduction of the new 'large loan monitoring software' launched in H1FY13 is designed to step up the monitoring of exposure to large business groups and ensure that there is an equitable distribution of credit for all industry sizes. The central bank has also improvised stronger monitoring of NBFIs through use of modern reporting tools including Stress testing, Base Rate System, Liquidity Matrix.

Real Estate Industry Outlook and Possible Future Development

The situation in real estate sector remains strenuous and the developers are still finding it challenging to boost their sales volume. Some developers are offering to sell the flats at relatively discounted price, but prospective buyers are slow to respond to these bargains. The high cost already incurred for the joint venture development of private lands is also hindering the developers to reduce the price below a certain level. Most of the developers are now waiting for the overall macroeconomic situation to improve for their sales volume to pick up.

The ongoing political unrest also seems to have an impact in the decision making process of the investors. Since this is the election year, the political unrest may prevail throughout the rest of the year may have a downbeat impact on real estate sector in multiple ways. First, the buyers may decide to wait and defer their investment decision in real estate due to the political unrest. Second, if the political situation deteriorates, it will affect over all business activities of the national economy and thus affect the repayment capacity of the self employed customers who are presently the biggest customer group of real estate sector.

However on a positive note, the utility situation has relatively improved. Developers are getting power connection in their projects after fulfilling the terms and conditions including installing solar panel on the roof top of the projects. Government has started giving fresh gas connections for residential users which will gradually have a positive effect on demand for new apartments.

Developers have slowed down the work of their ongoing projects because of slow sales and slow cash inflow. Most of the projects of almost all the developers are lagging behind from the scheduled delivery date. As a result of this, the individual customers might find it difficult to get the disbursement of their housing loans from banks and FIs. Customers who are paying from their own source are also delaying their payments because of slow work in progress of their flats. The developers are lagging behind because of slow inflow; the customers are not making the payments because of slow progress which in turns also hampers the cash inflow of the developers. In a booming or normal situation developers would have cancelled the booking of the flat for delayed payments, but in present circumstances, they don't have much option rather than persuading their clients for the payments.

Developers have slowed down to undertake new projects because of cash involvement for signing a new project and also because of slow sales of their existing projects. Developers are offering a lower consideration to the land owners for their land because of present situation related to sales and price, but most of the land owners are not willing to accept lower bids from the developers, because they were used to getting better offers from the developers earlier. As a result, new project signing of the developers have reduced sharply in recent times.

There may not be any immediate turn around for the sector. In fact, the slow sales of real estate sector that is continuing for the last couple of years may get aggravated due to present political unrest. The situation may not improve in coming months unless political stability is restored and the government comes up with incentives like, allocating land to developers under public-private partnership or reintroducing refinance

scheme for housing loans for middle income group customers who are now out of the market because of high price of the apartments and high interest rate of housing loans.

Product wise Performance

- **Performance of Home Loan Operations**

The overall performance of DBH Home loan operations has been respectable considering the languid circumstances prevailing in the real estate sector as well as the overall economy. Difficult macroeconomic conditions i.e. a disappointing year in the capital market; political uncertainty, lack of investment appetite in the business community has created a depressing scenario in the financial sector. On top of that, high price of real estate is still deterring the growth of the real-estate industry. The downward sticky lending rates on housing loans from Banks and FIs also have not helped to boost the prevailing low level of consumer confidence. Being a housing finance specialist DBH has analyzed the situation prudently and focused on maintaining the health of its existing portfolio while maximizing the return from these investments. The Company's loan book in housing finance grew at a very moderate pace of 5.52 percent to Taka 24.90 billion during the financial year while keeping gross NPL ratio at the level of 0.26 percent only. During the year, the gross interest income from the housing finance portfolio grew at 20.53 percent to Taka 3,772 million.

As mentioned earlier the disbursement figures continued to slow down significantly compared to last year but your company has retained its position as the financial institution with the largest market share. Total disbursement at the end of FY 2012-13 was Taka 5,357 million as against Taka 5,904 million of preceding financial year. During the year under review, a total of Taka 4,052 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, 2013 have been fully provided for and additionally, as required by Bangladesh Bank, DBH has a loan loss reserve amounting to 1% of outstanding loans.

- **Performance of Deposit Portfolio**

DBH's deposit portfolio remains the core focus of the Company's funding operations. Over 65 percent of funding for DBH's home loan operation is sourced through the deposit products. At present the Company offers a diverse deposit product line comprising of annual income deposit, annual plus income deposit, monthly income deposit, quarterly income deposit, flexible fixed deposit, cumulative deposit, profit first deposit, easy way deposit, children's deposit and easy home deposit.

In compliance to the regulations of Bangladesh Bank the minimum tenure of the deposits is six months. These products are targeted towards various customer segments comprising of retail and corporate clientele.

At the close of June 30, 2013 the deposit portfolio of DBH stands at Taka 19,540 million with an interest payable worth another Taka 1,407 million. As the market shifts downward the rate of interest on the DBH deposit products have also gradually decreased this year.

DBH also provides loan against deposits (LAD) to cater to its customers' urgent financial need. As of June 30, 2013, the LAD portfolio of DBH stands at Taka 357 million.

Recovery

The challenges regarding controlling the growth of nonperforming loans have been a major setback for most of the banks and financial institutions this year. The situation has further worsened due to detection of major financial fraudulent activities in the nationalized as well as privately owned banks and introduction of conservative classification policy by the Central Bank. DBH has seen a slight increase in its nonperforming loan (NPL) portfolio. According to DBH's provisioning policy of maintaining 100 percent provision for any loan overdue for more than 180 days, NPL stood at 0.26 percent at close of FY 2012-13 compared to 0.20 percent at the end of preceding year. Although there has been an increase in NPL compared to the previous years, still these are the finest numbers in the industry. Till date, asset quality has been the cornerstone of the success story of DBH.

Funding Operations

Unlike last year, this time round the financial sector was up against a difference set of challenges stemming from robust foreign remittance and export growth along with sluggish import growth leading to a sharp growth of Net Foreign Assets (NFA) and concerns over slowdown in growth. Faced with excess liquidity mainly due to slack growth in private sector credit, Banks were seen lowering one year term deposit rates to the level of 9.50 to 12.50 percent. However, most Financial Institutions were slow to respond to this market shift and at year end the average level of term deposit rates offered by NBFIs range from 13.00 to 16.00 percent.

The funding composition of the Company has remained significantly reliant on the deposit portfolio. The deposit portfolio of the Company has stood at Taka 19,540 million. Long-term loan portfolio of DBH consists of funds received under Housing Loan Refinance Scheme of Bangladesh Bank worth Taka 3748 mn, long term loans received from international lenders like FMO & Triodos Custody B.V. worth Taka 1900 mn and loans sourced from local markets for Taka 1570 mn. Apart from that, the shareholder's contribution in the funding mix is around 9.00 percent at the close of financial year. The Company is continuously striving to source diversified avenues of funding to minimize its cost as well as asset-liability maturity mismatch in the balance sheet.

The funding status of DBH as of June 30, 2013 is presented below:

Sources	Amount in Million Taka
Deposits	19,540
Long term loans	7,218
Equity	2,569

Treasury Operations

Treasury remains a vital part of DBH for facilitating the core business of housing finance & deposit mobilization while making profit on its own accord. The treasury wing faced different sets of challenges during the two contrasting halves of the financial year. During the first half, the Central Bank had followed a restrained monetary policy with a view to limiting domestic credit growth to levels consistent with the FY13 single digit CPI inflation target, ensuring that productive growth-conducive activities are not hampered by access to credit. A key development relating to this policy was the sharp decline in inter-bank rates which fell from a peak of around 20 percent in January 2012 to around 12 percent a year later. However customer deposit and lending rates remained stickier.

However, at the beginning of the FY13H2 the Central Bank adopted a more balanced monetary policy stance designed to ensure that the credit envelope is sufficient for productive investments to support the attainment of the government's FY13 real GDP growth target while keeping it consistent with the targeted 7.5 percent average inflation rate for FY13. In view of the risks to output growth due to the uncertainties around the global economy, BB also reduced all repo rates by 50 basis points in January 2013. During this period average inflation measured using the 1995/96 base year continued its decline and in June 2013 it reached 7.70 percent from 8.40 percent in January. Retail interest rates also declined during these six months with the spread between lending and deposit rates dipping below 5 percent and its trend indicating that lending rates have declined faster than deposit rates. During June 2013 the term deposit rates offered by banks for 1 year deposits moved around 10.50 to 12.50 percent level. The money market rates also stabilized at the level of 7.00 percent to 8.00 percent indicating significant surplus of liquidity in the market.

As expected during first six months of the year the treasury department prudently utilized its significant surplus fund to earn lucrative return on overnight market investments and placements as short term deposits with various banks and financial institutions. However during the latter portion of the year with the advent of liquidity in the market the treasury wing switched its position from long to short to access low cost fund from the money market to reduce overall cost of fund and enhance treasury income. As the real-estate market remained dull during the year and resultantly there was a lack of demand for fund in the core business a significant portion of income was earned through treasury investment activities.

Investments in Securities

The performance of the capital market was more or less dismal this year as the national stock index (DGEN) ended slightly lower than previous year at 4385.77 points with a peak at 4800.43 during September 2012. In view of the present condition of bourses, DBH has adopted a conservative investment policy. The capital market portfolio of the Company stands at Taka 266 million as of June 30, 2013.

The Company also has an investment of Taka 80 million in long term bonds and Taka 12 million in non-marketable securities. The earnings from this sector decreased substantially and reached Taka 2.40 million as on June 30, 2013 against Taka 34.32 million of the previous year as company has limited its investment in this sector.

Human Resources

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

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

At DBH, effective internal communications and free flow of ideas, open door, fairness, commitment, teamwork and highest standards of professional excellence and integrity are always appreciated.

Focused by strategy of hiring people from varied backgrounds, DBH continues to concentrate on providing long term career growth to its employees by nurturing their talents. It offers a smooth career path which is solely based on merit, performance and productivity.

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

Information Technology

The emergence of a global economy, transformation of industrial economies, transformation of the business enterprise, and the emergence of digital firm make information systems essential in business today. In many businesses, survival and the ability to achieve strategic business goals is difficult without extensive use of information technology. Keeping pace with the developed world, the financial sector of Bangladesh is becoming increasingly inclined towards digitization. This is also true for Delta Brac Housing Finance Corporation Ltd (DBH).

The Company is striving to achieve complete digitization of its operations to enhance operational excellence, innovation of new products, services and business models, customer and supplier intimacy, informed decision making, competitive advantage and sustainability of the business entity.

The IT wing of DBH has successfully implemented Equated Monthly Installments (EMI) Collection process of DBH Home loan clients through Electronic Fund Transfer Network (EFTN) of Bangladesh Bank. DBH is the first among all Banks and Financial institutions to implement this innovative technology. The new collection process generally called EFTN Debit eliminates the need to store or place physical instruments in the automated clearing house (ACH). Needless to say, with the modernization of payment system of the Central Bank EMI collection through EFTN Debit will become a vital mode of fund collection for all banks and Financial Institutions. DBH is sure to enjoy the first mover's advantage in enhancing operational efficiency due to implementation of this technology at this moment.

The IT department has also introduced Real Application Clustering (RAC) this year to ensure lower overall cost of ownership, higher availability, expanded scalability and better transparency of data base. This year the trained and experienced team of the IT department has also successfully initialized digital voucher and web-based loan disbursement memo. This is surely a small but definitive step towards achieving paperless and environment friendly office concept.

Credit Rating

Delta Brac Housing Finance Corporation Limited with its strong fundamentals has earned the highest credit rating award for the 7th (seventh) 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 2011-2012.

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

Key operating and financial data of last preceding 5 (five) years is shown under the heading of Operational Highlights and Financial Highlights in the page no. 21 of this annual report. Financial Highlights as required by Bangladesh Bank is also given in page no. 22 of this report.

Contribution to National Economy

At DBH we believe that we have some responsibilities to the development of the country where we operate our business and to the society to which we belong. As a financial institution, DBH contributes to the economic prosperity by providing financial products and services to the housing sector. Our total credit exposure as on June 30 amount to Tk.25,267 million. We have extended loans to around 15,166 customers to meet their housing needs, which is one of the basic needs of people.

DBH contributes to the national exchequer in the form income tax, VAT & excise duty. During the year 2012-13 company's contribution to the national exchequer is given below.

Taka in Million		
Particulars	2012-13	2011-12
Income Tax paid on company's income	402.46	431.02
Tax collected at source on behalf of Government	243.90	180.67
Value Added Tax (VAT)	17.21	17.48
Excise Duty	21.67	5.16
Total	685.24	634.33

Efficient workforce is very important for the organization. Keeping same in view, DBH has spent Tk.4.15 million for training of its employees. During the year 2012-13, DBH has paid Tk.186.61 million as salaries and allowances to its employees.

Highlights on Financial Performance

The comparatives on the financial performance of the Company for a twelve-month period to June 30, 2013 are presented below:

(Figures in Million Taka except for Ratios)

Particulars	2012-13	2011-12
Operating revenue	4,454	3,604
Interest expenses	3,037	2,476
Operating expenses	285	259
Profit before provisions	1,132	869
Profit before tax	1,009	765
Net profit after tax	529	404

The operating profit for the period was Taka 1,131.61 million compared to Taka 869.45 million of same period of last year reflecting a growth of 30%. The Company has made PBT of Taka 1,008.67 million for the reviewed period ended as on June 30, 2013 as against the previous year's figure of Taka 764.70 million with a growth of 32%.

Operating revenue of the Company increased by 24% over the last year's figure of Taka 3,604.43 million to Taka 4,453.51 million in twelve-month of FY2012-13. Interest income has grown at the rate of 23% from the previous year.

Net operating income of the Company has increased by 26% from the corresponding period of last year. As a result, the net operating income stood at Taka 1,416.53 million compared to last year's figure of Taka 1,128.65 million.

Corporate and Financial Reporting Framework

The Members of the Board, in accordance with the Bangladesh Securities & Exchange Commission's Notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated August 7, 2012; 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 judgement.
- International Accounting Standards (IAS)/ Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standards (IFRS)/ Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the issuer company's ability to continue as a going concern.

Going Concern

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

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

Board Meetings and Attendance by the Directors

Attendance by the Directors in the Board are summarized and given in Annexure-i and the fees paid to them for attending the Board Meeting during the year is given in Annexure-ii of this report.

Shareholding Pattern

Shareholding patterns of the Company as at the end of the year 2012-2013 is shown in Annexure-iii of this report.

Proposed Dividend

The Board of Directors at the time of considering the annual accounts have recommended @ 25% cash dividend to be paid to the shareholders out of profit of the year 2012-13, which is to be approved by the shareholders in the forthcoming AGM.

Directors' Appointment & Re-appointment

The present Directors of the Company are named in pages 10 to 17 of this report.

In accordance with the Article No. 106 of the Articles of Association of DBH, the following Directors will retire in the 17th Annual General Meeting by rotation and being eligible for re-election, they are seeking re-election to the Board.

- Mr. Muhammad A. (Rume) Ali (representing BRAC)
- Mr. Nasir A. Choudhury (representing Green Delta Insurance Co. Ltd.)

Article 102 of the Articles of Association also requires that any Director appointed by the Board to fill the casual vacancies since last Annual General Meeting shall retire in the next Annual General Meeting. Accordingly, the following Director shall retire in the forthcoming Annual General Meeting and being eligible, he is seeking re-election.

- Mr. Shameran Abed (representing BRAC)

In order to comply with the Corporate Governance Guideline (CGG) dated August 7, 2012 issued by Bangladesh Securities and Exchange Commission, the Board of DBH appointed 2 (two) eminent personalities as Independent Directors of the Company on December 27, 2012. The appointments of the Independent Directors to be approved by the shareholders under Clause 1.2 (iii) of the said CGG. Accordingly, appointment of the following Independent Directors shall be approved by the shareholders in the forthcoming AGM.

- Mr. Mahibul Islam Chowdhury (Independent Director)
- Ms. Syeda Rizwana Hasan (Independent Director)

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

- a) Brief resume of the Directors are included in page nos. 10 to 17 of this Annual Report
- b) Nature of the expertise of the Directors are also disclosed in the brief profiles
- c) Name of the Directors and entities in which they have interest as Directors are also disclosed in the brief profiles as well as in the notes no. 39 of the Financial Statements.

Appointment of Auditor

Messrs A. Qasem & Co., Chartered Accountants, had been appointed as the statutory auditors for the financial year 2012-2013 for the first term. Since they are eligible for re-appointment for further one year term, the Board of Directors recommended to re-appoint them for the year 2013-14 as statutory auditor and Bangladesh Bank has also accorded its consent for the re-appointment. The matter will be placed before the AGM for shareholders' approval.

Corporate Governance

DBH has long been committed to maintaining high standards of Corporate Governance. Accordingly, your Company has complied with the provisions of Corporate Governance Guideline dated August 7, 2012 and amendment thereof issued by the Bangladesh Securities & Exchange Commission. Pursuant to the Guidelines, the following statements are appended as part of this Annual Report:

- (i) Audit Committee Report to the Shareholders
- (ii) Statement on Financial Statements by Chief Executive Officer (CEO) and Head of Finance
- (iii) Report on the Corporate Governance
- (iv) Certificate regarding compliance of conditions of Corporate Governance.

Acknowledgement

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

For and on behalf of the Board of Directors



Faruq A Choudhury
Chairman

Annexure-i

Directors' Meeting & Attendance

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

Name of Directors	Nominated by	Total Meeting	Meeting Attended	Change during 2012-2013	
				Date of Board Acceptance	
				Joining	Nomination withdrawn /Changed
Mr. Faruq A Choudhury Chairman	BRAC	5	5	-	-
Mr. Nasir A. Choudhury	Green Delta Insurance Company Ltd.	5	4	-	-
Mr. Muhammad A. (Rumees) Ali	BRAC	5	2	-	-
Mr. Ishtiaq Mohiuddin	BRAC	5	2	-	02-06-2013
Mr. Rajeev Sardana	HDFC Investments Ltd.	5	3	-	-
Mr. A Z Mohammad Hossain	Green Delta Insurance Company Ltd.	5	4	-	-
Ms. Mehreen Hassan	Delta Life Insurance Company Ltd.	5	2	-	-
Mr. Swapan Kumar Sarkar	Delta Life Insurance Company Ltd.	4	3	14-08-2012	-
Mr. Shamsuddin Chowdhury	Delta Life Insurance Company Ltd.	4	2	14-08-2012	27-06-2013
Mr. Mahibul Islam Chowdhury	Independent Director	2	2	27-12-2012	-
Ms. Syeda Rizwana Hasan	Independent Director	2	0	27-12-2012	-

Annexure-ii

Directors' Remunerations

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

Name of Directors	Board		Audit Committee		Total Fees Paid
	Attendance	Fees	Attendance	Fees	
Mr. Faruq A Choudhury, Chairman	5	25,000.00	4	20,000.00	45,000.00
Mr. Nasir A. Choudhury	4	20,000.00	4	20,000.00	40,000.00
Mr. Muhammad A. (Rume) Ali	2	10,000.00	N/A	0	10,000.00
Mr. Ishtiaq Mohiuddin	2	10,000.00	1	5,000.00	15,000.00
Mr. Rajeev Sardana	3	15,000.00	N/A	0	15,000.00
Mr. A Z Mohammad Hossain	4	20,000.00	2	10,000.00	30,000.00
Ms. Mehreen Hassan	2	10,000.00	2	10,000.00	20,000.00
Mr. Swapan Kumar Sarkar	3	15,000.00	N/A	0	15,000.00
Mr. Shamsuddin Chowdhury	2	10,000.00	N/A	0	10,000.00
Mr. Mahibul Islam Chowdhury	2	10,000.00	2	10,000.00	20,000.00
Ms. Syeda Rizwana Hasan	0	0	N/A	0	0
Total	-	1,45,000.00	-	75,000.00	2,20,000.00

Annexure-iii

Pattern of shareholdings as on 30th June 2013

(i) Shareholding Status of Sponsors/ Promoters & Pre-IPO Shareholders:

Name of the Shareholders	No. of Share(s) held	Percent (%)
BRAC	21,339,630	18.39
Delta Life Insurance Company Limited	20,125,000	17.34
Green Delta Insurance Company Limited	17,761,727	15.31
HDFC Investments Limited	14,183,801	12.22
International Finance Corporation (IFC)	14,183,801	12.22
Mr. Faruq A Choudhury	23	0.00
Dr. Salehuddin Ahmed	23	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	23	0
Mr. Nasir A. Choudhury	Green Delta Insurance Company Ltd.	-	-
Mr. Muhammad A. (Rumeel) Ali	BRAC	-	-
Mr. Rajeev Sardana	HDFC Investments Ltd.	-	-
Mr. A Z Mohammad Hossain	Green Delta Insurance Company Ltd.	-	-
Ms. Mehreen Hassan	Delta Life Insurance Company Ltd.	-	-
Mr. Swapan Kumar Sarkar	Delta Life Insurance Company Ltd.	-	-
Mr. Mahibul Islam Chowdhury	Independent Director	-	-
Ms. Syeda Rizwana Hasan	Independent Director	-	-

Name of the Executives	Status	No. of Share(s) held	Percent (%)
Mr. Q. M. Shariful Ala	Managing Director & CEO	-	-
Mr. Syed Aminul Islam	SVP & Head of Finance	-	-
Mr. Khandaker Satil Sayeed	AVP & Head of Internal Compliance	-	-
Mr. Jashim Uddin, FCS	AVP & Company Secretary	-	-

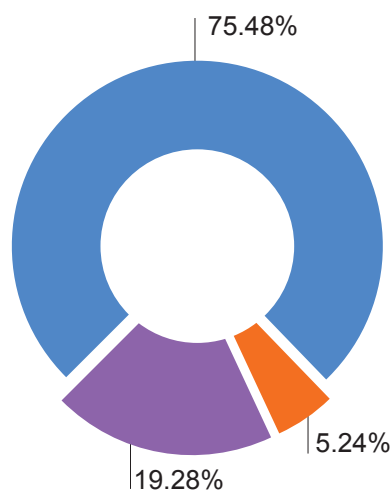
(iii) Top five salaried persons other than CEO, CFO, CS & HIA

Name of the Executives	Status	No. of Share(s) held	Percent (%)
Mr. A. K. M. Tanvir Kamal	EVP & Head of Credit	-	-
Mr. Nasimul Baten	EVP & Head of Operations	-	-
Mr. Hassan I. Yussouf	EVP & Head of Information Technology	-	-
Mr. Tanvir Ahmad	EVP & Head of Human Resources	-	-
Mr. Saiyaf Ejaz	VP and 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	21,339,630	18.39
Delta Life Insurance Company Limited	20,125,000	17.34
Green Delta Insurance Company Limited	17,761,727	15.31
HDFC Investments Limited	14,183,801	12.22
International Finance Corporation (IFC)	14,183,801	12.22

SHAREHOLDING PATTERN



Sponsors & Pre-IPO Shareholders

BRAC, Delta Life Insurance Co. Limited, Green Delta Insurance Co. Limited, IFC and HDFC Investments Limited

General shareholders

Foreign Investors

REPORT ON CORPORATE GOVERNANCE

Corporate governance is about commitment to values and ethical business conduct. It provides for a structure that works for the benefit of its stakeholders by ensuring that the enterprise adheres to accept ethical standards and best practices as well as to applicable laws, procedures and implicit rules. Good Corporate Governance principles encourage the Company to create value through innovations, development and exploration on one hand and on the other to provide accountability and control systems commensurate with the risks involved. The other important part of the Corporate Governance is disclosure of information regarding the financial position of the Company, its performance, ownership and governance in a timely and accurate way. These disclosures help in improving the public understanding of the structure, activities and policies of the organization.

Thus, Corporate Governance is about promoting corporate fairness, transparency and accountability. Corporate Governance guidelines developed over a period of time in Bangladesh, are protected through Bangladesh Securities & Exchange Commission's Notification No.SEC/CMRRCD/2006 -158/134/Admin/44 dated August 07, 2012.

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.

In addition to the 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.

Ethics & Compliance

DBH's corporate governance philosophy encompasses not only regulatory and legal requirements, but also other practices aimed at a high level of business ethics, effective supervision and enhancement of value for all shareholders.

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. The Board periodically reviews the compliance of all applicable laws and gives appropriate directions, wherever necessary.

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

In order to comply with the BSEC's notification dated August 7, 2012 on Corporate Governance, the Board of DBH has appointed 2 (two) eminent personalities as Independent Director of the Company. Thus, the Board of DBH comprises of 10 (ten) members of which eight are Non-Executive nominated Directors and two Independent Directors. The goal has been to form a Board, which is cohesive and has the expertise for quick and informed decision making.

Role of the Board

The Board of Directors is in full control of the Company's affairs and is also accountable to the shareholders. The Board is committed to achieve greater financial performances and long term prosperity, while meeting stakeholders' expectations of sound corporate governance practices.

The Board duly complies with the guidelines issued by Bangladesh Bank regarding the responsibility and accountability of the Board, its Chairman and Chief Executive/Managing Director.

Changes in the Board

In order to comply with the Corporate Governance Guideline (CGG) dated August 7, 2012 issued by Bangladesh Securities and Exchange Commission, the Board of DBH has appointed the following 2 (two) eminent personalities as Independent Directors of the Company on December 27, 2012:

- Mr. Mahibul Islam Chowdhury
- Ms. Syeda Rizwana Hasan

BRAC, a Sponsor of the Company had changed its representative Mr. Ishtiaq Mohiuddin and in his place they have nominated Mr. Shameran Abed, who was subsequently appointed as Director by the Board on July 2, 2013.

Mr. Shamsuddin Chowdhury, a nominated Director of Delta Life Insurance Company Ltd. had resigned from his services with Delta Life and accordingly they withdrew the nomination of Mr. Shamsuddin Chowdhury as Director of DBH on June 27, 2013.

Board Meetings

The Company holds at least four Board meetings in a year, one in each quarter inter-alia to review the financial results of the Company. The gap between the two Board Meetings does not exceed three months. Apart from the four scheduled Board Meetings, additional Board Meetings are also convened to address the specific requirements of the Company. Urgent matters are also approved by the Board by passing resolutions through circulation. During the year under review 5 (five) meetings of the Board were held.

The following information has been 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 the Audit committees
- * Significant regulatory matters
- * Detailed risk analysis and asset liability management report
- * Details of Investments
- * Detailed recovery and NPL statements
- * Compliance of statutory /regulatory/Listing Agreements.
- * 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 :
 - The Company.
 - The financial statements.
 - Compliance with law.
 - Relationship with customers and shareholders.
 - Delegation of appropriate authority to the Senior Executives of the Company for effective management of operations.

Meeting Attendance & Directors Remuneration

The Board members receive only fees for attending Board/Committee meetings and they are not allowed other remuneration or incentive. According, to the ceiling fixed by the Bangladesh Bank the Directors get an amount of Tk. 5,000 per meeting.

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 Audit Committee was last reconstituted on September 12, 2013 which is comprised of Mr. Mahibul Islam Chowdhury as the Chairman, Mr. Faruq A Choudhury, Mr. Nasir A. Choudhury, Mr. A Z Mohammad Hossain, and Mr. Sawpan Kumar Sarkar, FCA as its members. A separate report on the activities of the Audit Committee is attached in the page no. 67 to 69 of this report.

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 was last reconstituted on September 12, 2013 and the members are: Ms. Mehreen Hassan as its Chairperson, Mr. Muhammad A. (Rumee) Ali, Mr. Shameran Abed, Ms. Syeda Rizwana Hasan and Mr. Q. M. Shariful Ala, Managing Director & CEO as its members.

Delegation of Authority

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

Role of the Chairman

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

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

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

Role of the Managing Director & CEO

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

Role of the Company Secretary

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

Role of the Head of Internal Control & Compliance

The head of Internal Control and Compliance is responsible for reporting to the Board Audit Committee regarding deviations from accounting and internal control system. He is also leading the internal audit team of the Company.

Internal Control and Compliance

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

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

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

DBH made relevant mandatory disclosure in its financial statements under the regulatory framework, including compliance with the provisions of International Financial Reporting Standards (IFRS) as adopted in Bangladesh, besides that it submits all the reports/statements regularly, which are required to submit to the regulators as well as the other stakeholders of the Company. However, a separate report on Internal Control is given in page no. 65 and 66 of this report.

Risk Management

The Company always concentrates on delivering high value to its stakeholders through appropriate tradeoff between risk and return. A well structured and proactive risk management system is in place within the Company to address the risks relating to credit, market, liquidity and operations. Details of the Risk Management are described at notes 2.29 of the Financial Statements in the page no. 97 of this report.

Related Party Transactions

Transactions with related parties are made on arm's length basis and are in the ordinary course of business. Detailed transactions with related parties are described at notes- 37 of the Financial Statements in the page no. 115 of this annual report.

Auditors Certificate on Corporate Governance

The Company has complied with all mandatory requirements of Corporate Governance guidelines as enumerated in the Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August 2012 of Bangladesh Securities and Exchange Commission. M/s. S A Rashid & Associates, Chartered Secretary in Practice have certified that the Company has complied with the conditions of Corporate Governance as stipulated under the Corporate Governance Guidelines which is annexed in the page no. 62.

Statement of CEO and the Head of Finance regarding Financial Statements

A separate statement as to the fairness and presentation of the Financial Statements of the Company is given in page no. 80 of this report.

Observance of BAS and BFRS & Applicable Laws

The Directors confirm that the financial statements have been prepared in accordance with the Bangladesh Accounting Standards and other applicable rules and regulations. A statement on implementations of the different accounting standards is set out at notes 2.28 of the accounts in page no. 96 of this annual report.

Employee Health & Safety

DBH maintains internal health and safety policies and procedures and national regulations to ensure a safe working environment. We are working with our employees to ensure that health and safety standards are maintained and improved. DBH provides adequate life and hospitalization insurance coverage to all its permanent employees.

Redressal of Investors complaints

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

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.

Resolutions passed at the previous AGM i.e. 16th Annual General Meeting

Date & Time: 14 November 2012 at 11:00 AM

Venue: La Vita Hall of Lakeshore Hotel & Apartments, Gulshan, Dhaka

Resolutions passed by the shareholders:

- Financial Statements for the year ended June 30, 2012
- Dividend (@15% stock and @ 10% cash)
- Re-election of Directors named Mr. Rajeev Sardana, Ms. Mehreen Hassan, Mr. A Z Mohammad Hossain, Mr. Swapan Kumar Sarkar, FCA and Mr. Shamsuddin Chowdhury, FCA.
- Appointment of M/s. A. Qasem & Co., Chartered Accountants as external auditor of the Company

General Information for the Shareholders

The Company's financial results and official news releases 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 newspapers are also published accordingly.

Shareholding Pattern of the Company as on 30th June 2013

On the basis of shareholders types:

Group Name	No. of Shareholder(s)	No. of Share(s)	Percentage (%)
Sponsors/ Promoters & Pre-IPO Shareholders (Local)	5	59,226,403	51.04
Sponsors/ Promoters & Pre-IPO Shareholders (Foreign)	2	28,367,602	24.44
General Public	3741	8,159,540	7.03
Financial Institutions & Other Companies	216	14,211,802	12.25
Foreign Investors	5	6,084,028	5.24
Total :	3969	116,049,375	100.00

Distribution schedule of each class of equity security setting out of the number of holders and percentage:

Shareholding Range	Number of Shareholder(s)	No. of Shares	Percentage (%)
1 - 500	1339	311,796	0.27
501 - 5000	2213	3,803,291	3.28
5001 - 10000	196	1,446,411	1.25
10001 - 20000	109	1,492,005	1.29
20001 - 30000	35	852,045	0.73
30001 - 40000	16	554,684	0.48
40001 - 50000	11	498,775	0.43
50001 - 100000	20	1,358,150	1.17
100001 - 1000000	20	5,356,123	4.62
1000001 to above	10	100,376,095	86.49
Total :	3969	116,049,375	100.00

Having reviewed the BSEC's Corporate Governance guideline as last amended on August 7, 2012, the Company's Board issued and signed their declaration of Compliance, a statement of which is given in this report.

Annexure- A

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

(Report Under Condition No. 7.00)

Condition no.	Title	Compliance Status as on June 30, 2013		Remarks
		Complied	Not Complied	
1.0	Board of Directors			
1.1	Board's Size: Board members shall not be less than 5 (Five) and more than 20 (Twenty)	√	-	-
1.2	Independent Director:			
1.2 (i)	Independent Director: At least 1/5th	√	-	-
1.2 (ii)	For the purpose of this clause "independent director" means a director-	-	-	-
1.2(ii) a	Independent directors do not hold any share or hold less than one percent (1%) shares	√	-	-
1.2(ii) b	Independent directors do not connected with the company's sponsor or director or shareholder who holds 1% or more shares	√	-	-
1.2(ii) c	Independent directors do not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated company	√	-	-
1.2(ii) d	Independent directors are not the members, directors or officers of any stock exchange	√	-	-
1.2(ii) e	Independent directors are not the members, directors or officers of any stock exchange or an intermediary of the capital market	√	-	-
1.2(ii) f	Independent directors are/were not the partners or executives during preceding 3 (three) years of any statutory audit firm	√	-	-
1.2(ii) g	They are not the Independent directors in more than 3 (three) listed companies	√	-	-
1.2(ii) h	They are not convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a non bank financial institution (NBFI)	√	-	-
1.2(ii) i	They are not been convicted for a criminal offence involving moral turpitude	√	-	-
1.2(iii)	The independent directors shall be nominated by the board of directors and approved in the AGM	√	-	Appointment would be approved in the AGM
1.2(iv)	The post of independent directors cannot remain vacant for more than 90 days	√	-	No such vacancy created
1.2(v)	The board shall lay down a code of conduct of all board members and annual compliance of the code to be recorded	√	-	-

Condition no.	Title	Compliance Status as on June 30, 2013		Remarks
		Complied	Not Complied	
1.2(vi)	The tenure of office of an independent directors shall be for a period of 3 (three) years which may be extended for 1 (one) term only.	√	-	-
1.3	Qualification of Independent Director (ID)			
1.3(i)	Independent Director shall be knowledgeable individual with integrity, ability to ensure compliance with laws and make meaningful contribution	√	-	-
1.3(ii)	Being a Business Leader/ Corporate Leader / Bureaucrat/University Teacher(Economics/Business/Law)/Professionals like CA/CMA/CS having 12 years of management/ professional experience	√	-	-
1.3(iii)	In special cases above qualification may be relaxed by the commission	-	-	N/A
1.4	Positions of Chairman of the Board and Chief Executive Officer shall be filled by different individuals	√	-	-
1.5	Directors' Report to Shareholders			
1.5(i)	Industry outlook and possible future developments in the industry	√	-	-
1.5(ii)	Segment-wise or product-wise performance	√	-	-
1.5(iii)	Risks and concerns	√	-	-
1.5(iv)	A discussion on cost of goods sold, gross profit margin and net profit margin	√	-	-
1.5(v)	Discussion on continuity of any Extra-Ordinary gain or loss	-	-	No such matters to report
1.5(vi)	Basis for related party transaction- a statement of all related party transactions should be disclosed in the annual report	√	-	-
1.5(vii)	Utilization of proceeds from public issues, right issues and/ or through any others instruments.	-	-	No such matters to report
1.5(viii)	An explanation if the financial results deteriorate after the company goes for IPO, RPO, Rights Offer, Direct Listing etc.	-	-	No such matters to report
1.5(ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report	-	-	No such matters to report
1.5(x)	Remuneration to directors including independent directors	√	-	-
1.5(xi)	The financial statements prepared by the management of the issuer company present fairly its state of affairs, the results of its operation, cash flows and changes in equity	√	-	-
1.5(xii)	Proper books of account of the issuer company have been maintained.	√	-	-
1.5(xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.	√	-	-

Condition no.	Title	Compliance Status as on June 30, 2013		Remarks
		Complied	Not Complied	
1.5(xiv)	International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.	√	-	-
1.5(xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	√	-	-
1.5(xvi)	There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed.	√	-	-
1.5(xvii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.	-	-	No such matters to report
1.5(xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	√	-	-
1.5(xix)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given.	-	-	N/A
1.5(xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed.	√	-	-
1.5(xx1)	The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by:			
1.5(xx1) a	Parent/Subsidiary/Associated Companies and other related parties (name wise details);	-	-	N/A
1.5(xx1) b	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	√	-	-
1.5(xx1) c	Executives (Top 5 salaried employees other than above)	√	-	-
1.5(xx1) d	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	√	-	-
1.5(xx2)	In case of appointment/re-appointment of a director the company shall disclose the following information to the shareholders:			
1.5(xx2) a	a brief resume of the director;	√	-	-
1.5(xx2) b	nature of his/her expertise in specific functional areas;	√	-	-
1.5(xx2) c	names of companies in which the person also holds the directorship and the membership of committees of the board.	√	-	-
2.0	Chief Financial Officer, Head of Internal Audit & Company Secretary			
2.1	Appointment of CFO, Head of Internal Audit and Company Secretary and defining of their respective roles, responsibilities and duties	√	-	-

Condition no.	Title	Compliance Status as on June 30, 2013		Remarks
		Complied	Not Complied	
2.2	Attendance of CFO and the Company Secretary at Board of Directors meeting	√	-	-
3	Audit Committee:			
3 (i)	Audit Committee shall be the sub-committee of the Board of Directors.	√	-	-
3 (ii)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	√	-	-
3 (iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	√	-	-
3.1	Constitution of the Audit Committee			
3.1(i)	The Audit Committee shall be composed of at least 3 (three) members.	√	-	-
3.1(ii)	Constitution of Audit Committee with Board Members including one Independent Director	√	-	-
3.1(iii)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experience.	√	-	-
3.1(iv)	Filling of Casual Vacancy in Committee	√	-	-
3.1(v)	The company secretary shall act as the secretary of the Committee.	√	-	-
3.1(vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	√	-	-
3.2	Chairman of the Audit Committee			
3.2(i)	Chairman of the Audit Committee shall be an Independent Director	√	-	-
3.2(ii)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).	-	-	Would remain present
3.3	Role of Audit Committee			
3.3 (i)	Oversee the financial reporting process	√	-	-
3.3 (ii)	Monitor choice of accounting policies and principles.	√	-	-
3.3 (iii)	Monitor Internal Control Risk management process.	√	-	-
3.3 (iv)	Oversee hiring and performance of external auditors.	√	-	-
3.3 (v)	Review along with the management, the annual financial statements before submission to the board for approval.	√	-	-
3.3 (vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.	√	-	-
3.3 (vii)	Review the adequacy of internal audit function.	√	-	-
3.3 (viii)	Review statement of significant related party transactions submitted by the management.	√	-	-

Condition no.	Title	Compliance Status as on June 30, 2013		Remarks
		Complied	Not Complied	
3.3 (ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.	√	-	-
3.3 (x)	When money is raised through Initial Public Offering (IPO)/Repeat Public Offering (RPO)/Rights Issue the company shall disclose to the Audit Committee about the uses/applications of funds by major category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial results.	-	-	No such matters to report
3.4	Reporting of the Audit Committee			
3.4.1	Reporting to the Board of Directors			
3.4.1 (i)	The Audit Committee shall report on its activities to the Board of Directors.	√	-	-
3.4.1 (ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:-	-	-	-
3.4.1 (ii) a	Report on conflicts of interests;	-	-	No such matters to report
3.4.1 (ii) b	Suspected or presumed fraud or irregularity or material defect in the internal control system;	-	-	No such matters to report
3.4.1 (ii) c	Suspected infringement of laws, including securities related laws, rules and regulations;	-	-	No such matters to report
3.4.1 (ii) d	Any other matter which shall be disclosed to the Board of Directors immediately.	√	-	-
3.4.2	Reporting to the Authorities	-	-	No such matters to report
3.5	Reporting to the Shareholders and General Investors	√	-	-
4	External/Statutory Auditors:			
4 (i)	Appraisal or valuation services or fairness opinions.	√	-	-
4 (ii)	Financial information systems design and implementation.	√	-	-
4 (iii)	Book-keeping or other services related to the accounting records or financial statements.	√	-	-
4 (iv)	Broker-dealer services.	√	-	-
4 (v)	Actuarial services.	√	-	-
4 (vi)	Internal audit services.	√	-	-
4 (vii)	Any other service that the Audit Committee determines.	√	-	-
4 (viii)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company.	√	-	-
4 (ix)	Audit/certification services on compliance of CG as required under condition 7(i)	√	-	-
5	Subsidiary Company			
5 (i)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.	-	-	N/A

Condition no.	Title	Compliance Status as on June 30, 2013		Remarks
		Complied	Not Complied	
5 (ii)	At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.	-	-	N/A
5 (iii)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.	-	-	N/A
5 (iv)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.	-	-	N/A
5 (v)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	-	-	N/A
6	Duties of Chief Executive Officer(CEO) and Chief Financial Officer (CFO):			
6 (i)	They have reviewed financial statements for the year and that to the best of their knowledge and belief:			
6 (i) a	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	√	-	-
6 (i) b	these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.	√	-	-
6 (ii)	There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.	√	-	-
7	Reporting and Compliance of Corporate Governance:			
7 (i)	The company shall obtain a certificate from a Professional Accountant/Secretary (Chartered Accountant/Cost & Management accountant/ Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.	√	-	-
7 (ii)	The directors of the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions.	√	-	-

CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE GUIDELINES

Certificate on Compliance of Corporate Governance Guidelines

[Issued under Condition # 7(i) of Corporate Governance Guidelines of BSEC vide Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012]

I have reviewed the Compliance of Conditions of the Corporate Governance Guidelines by Delta Brac Housing Finance Corporation Limited (“the Company”) for the year ended 30 June 2013. Such compliance is the responsibility of the Company as stipulated in the above mentioned notification issued by Bangladesh Securities and Exchange Commission (“BSEC”).

I have conducted my review in a manner that has provided me a reasonable basis for evaluating the compliances and expressing my opinion thereon. This review has been limited to the measures adopted by the Company in ensuring such compliances and this has not been for expression of opinion on the financial statements or future viability of the Company.

According to the information and explanations provided to me by the Company, I hereby certify that the Company has complied with all the conditions of aforesaid Corporate Governance Guidelines of BSEC by the date of issuance of this certificate.



S. Abdur Rashid FCS



Dhaka, 06 October 2013

CORPORATE SOCIAL RESPONSIBILITY (CSR) AT DBH

CSR has been defined as the integration of business operations and values whereby the interests of all stakeholders, including customers, employees, investors and the environment are reflected in the organizations policies and actions. DBH believes by practicing CSR the organization can improve communication with the community and other stakeholders, ensure accountability and transparency in operation, improve internal decision making, enhance corporate image, improve reputation and bring about the enhancement of the customer's true worthiness and sustainable development.

CSR is an integral part of corporate culture and ethics of DBH. DBH recognizes and always upholds the rights of various groups of stakeholders and treats them fairly.

DBH and its Customers

DBH has developed working systems, applied modern technology and made available and knowledgeable and skilled people so as to ensure that customers receive the best possible service. DBH ensures confidentiality of customer's information and attaches highest importance in complaint management. The company strives to listen to and learn from its stakeholders and to take the appropriate action where it applies, since responsible behavior towards its clients, shareholders and employees is an essential element of company's daily business.

DBH and its Employees

DBH is working with a vision of converting human resources into human capital through appropriate knowledge, skills, abilities and personal attribution. DBH ensures equal opportunities for all its employees in terms of both their personal and professional development. A healthy environment has been created where employees enjoy working with pride. DBH ensures health and safety in the workplace while keeping it modern by providing all amenities for its employees. Besides providing competitive package, DBH provides various welfare schemes to its employees.

Gender Equality and Women's Empowerment

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

Corporate Governance at DBH

Corporate governance policy of DBH recognizes the importance of the transparency to all its constituents; including employees, customers, investors, and the regulatory authorities demonstrating that the shareholders are the ultimate beneficiaries of the company's economic activities.

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

Environmental & Green Banking Awareness

As an environment-responsive financial institution, DBH ensures that the borrower has the due environmental clearance certificate from the concerned authorities while granting or renewing credit facilities. DBH has assessed environmental and social issues related to the projects at the time of granting credit facilities which reflects DBH's strong commitment in ensuring environmental and social safeguard of the projects, while creating a sense of accountability for the borrowers. DBH encourages rational use of energy in the office and promotes the spirit of environment friendly action plans. DBH aims to reduce the electricity consumption and paper use as a part of green banking concept. DBH also encourages its borrowers to have solar panel in their project at the time of appraising and granting housing loan facilities. In future the company aims to enhance the effort on preserving ecosystem, land, air and water, in line with broad corporate mission of the company

DBH conducted various CSR activities during the financial year 2012-2013. The highlights of the activities taken during the reporting period are as follows:

- The loss of lives in the Savar Rana Plaza collapse shocked the entire nation. DBH has stepped forward by providing funds to the PM's Relief and Welfare Fund to help the injured and the family members of the victims of the tragic Rana Plaza collapse.
- DBH encourages the concept of building homes for the lower income groups. DBH donated cash funds to Habitat for Humanity International Bangladesh (HFHIB) to assist in building houses for the poor people.

REPORT ON INTERNAL CONTROL

Objectives

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

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

As in the case with any control system, the Company's internal system cannot guarantee that all risk of error or fraud is fully eliminated or controlled and safeguarded.

Internal control procedure

DBH believes on the principle of decentralization of authority and responsibility. Consequently, responsibility for the implementation of appropriate internal control procedures governing risk management, financial control and compliance with legislation is delegated to the managers of each department of the Company.

To ensure the consistency of Company's procedures with each department, senior management relies on the functional department to draw up the procedures necessary for the proper operation of controls, issue instructions regarding their implementation and ensure compliance with the said instructions.

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

Internal control procedures in respect of financial and accounting information

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

Financial and accounting information is prepared centrally on the basis of financial statements generated from the software application that is used by different departments and is in compliance with the IAS (International Accounting Standards) and IFRS (International Financial Reporting Standards) as adopted by the ICAB (Institute of Chartered Accountant of Bangladesh) time to time.

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

External financial information

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

Cash position and financing

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

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

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

Procedures and inspections

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

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

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

Customer relation

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

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

Human resources

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

Information technology

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

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

Composition of the Committee

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

The Audit Committee at DBH was last reconstituted on September 12, 2013 and the present members of the Committee are:

- 1. Mr. Mahibul Islam Chowdhury - Chairman
- 2. Mr. Nasir A Choudhury - Member
- 3. Mr. Faruq A Choudhury - Member
- 4. Mr. A Z Mohammad Hossain - Member
- 5. Mr. Swapan Kumar Sarkar, FCA - Member

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

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, 4 (four) Committee meetings were held. The Committee reviews the financial reporting process, the system of internal control and management of financial & operational risks through the audit process.

Audit Committee reviewed the annual financial statements for the year 2012-2013 and placed its recommendations to the Board of Directors. Based on the review, the Audit Committee is of the view that the internal control and compliance procedures are adequate to present a true and fair view of the activities and financial status of the Company and to ensure that its assets are safeguarded properly.

Roles and Responsibilities of the Committee

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

(a) Internal Control

- (1) Evaluate whether management is setting the appropriate compliance culture by communicating the importance of internal control and the management of risk and ensuring that all employees have understanding of their roles and responsibilities;
- (2) Review the arrangements made by the management for building a suitable Management Information System (MIS) including computerization system and its applications;
- (3) Consider whether internal control strategies recommended by internal and external auditors have been implemented by the management;
- (4) Review the existing risk management procedures for ensuring an effective internal check and control system;
- (5) Review the corrective measures taken by the management as regards the reports relating to fraud-forgery, deficiencies in internal control or other similar issues detected by internal and external auditors and inspectors of the regulatory authority and inform the board on a regular basis.

(b) Financial Reporting

- (1) Review the annual financial statements and determine whether they are complete and consistent with the accounting standards set by the regulatory authority;
- (2) Meet management and the external auditors to review the financial statements before their finalization.

(c) Internal Audit

- (1) Review the activities and organizational structure of the internal audit function and ensure that no unjustified restrictions or limitations are made;
- (2) Review the efficiency and effectiveness of internal audit function;
- (3) Review that findings and recommendations made by the internal auditors for removing the irregularities detected and also running the affairs of the Institution are duly considered by the management.

(d) External Audit

- (1) Review the auditing performance of the external auditors and their audit reports;
- (2) Review that findings and recommendations made by the external auditors for removing the irregularities detected and also running the affairs of the institution are duly considered by the management;
- (3) Make recommendations to the Board regarding the appointment of the external auditors.

(e) Compliance with existing Laws and Regulations

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

(f) Other Responsibilities

- (1) Place reports before the Board on periodic basis regarding findings, recommendations, regularization of the errors & omissions, fraud and forgeries and other irregularities as detected by the internal and external auditors and inspectors of regulatory authorities;
- (2) Perform other oversight functions as requested by the Board and evaluate the Committee's own performance on a regular basis.
- (3) Receive and review the report of the internal audit which normally prepares for the higher management.

Reporting to the Board and the Shareholders

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

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

A handwritten signature in black ink, appearing to be "Mahibul Islam Chowdhury".

Mahibul Islam Chowdhury

Chairman

Audit Committee

DISCLOSURE ON CAPITAL ADEQUACY & MARKET DISCIPLINE (CAMD)

A) Scope of Application

Qualitative Disclosures:

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

Quantitative Disclosures:

- (d) Not Applicable

B) Capital Structure

Qualitative Disclosures

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

Tier 2 Capital includes:

- i) General provision up to a limit of 1.25% of Risk Weighted Asset (RWA) of Credit Risk;
- ii) Redeemable preference shares.

Conditions for maintaining regulatory capital:

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

Quantitative Disclosures:

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

Particulars	Amount in Crore Taka
Paid up capital	116.05
Non-repayable share premium account	5.50
Statutory reserve	55.34
General Reserve & other reserve	24.80
Retained earning	32.17
Dividend equalization account	13.00

- (c) The total amount of Tier 2 capital 29.14
- (d) Other deductions from capital -
- (e) Total eligible capital 276.00

C) Capital Adequacy

Qualitative Disclosures

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

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

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

- **Strategy to Achieve the required Capital Adequacy:**

- Rigorous monitoring of overdue loans to bring those under 90 days overdue;
- Financing clients having good rating as per company's policy.
- Using benefit of credit risk mitigation by taking eligible collaterals against transactions;
- Focusing more to increase the spread on Housing loan and thus increasing retained earnings.
- Raise fresh capital by issuing bonus share/right issue.

Quantitative Disclosures

Amount in crore Taka

(b) Capital requirement for Credit Risk	153.15
(c) Capital requirement for Market Risk	3.63
(d) Capital requirement for Operational Risk	19.12
(e) Total and Tier 1 capital ratio:	
• CAR on Total capital basis (%)	15.69
• CAR on Tier 1 capital basis (%)	14.03

D) Credit Risk

Qualitative Disclosures

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

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

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

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

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

Discussion on FI's credit risk management policy:

Implementation of various strategies to minimize risk:

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

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

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

- **Approved Credit Policy by the Board of Directors**

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

- **Separate Credit Administration Department**

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

- **Special Recovery and Collection Team**

A strong recovery team monitors the performance of the loans and advances, identifies early sign of delinquencies in portfolio, and takes corrective measures to mitigate risks, improve loan quality and to ensure recovery of loans in a timely manner including legal actions.

- **Independent Internal Compliance Department**

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

- **Credit Evaluation**

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

- **Credit Approval Process**

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

- **Early Warning System**

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

- **Methods used to measure Credit Risk**

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

Quantitative Disclosures

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

Particulars	Amount in Crore Taka
Housing Loan	2,468.94
Loan against Deposit	35.69
Staff Loan	12.77
Installment Receivables	9.29
Total	2,526.69

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

Area	Amount in Crore Taka
Dhaka	2,294.26
Chittagong	217.17
Sylhet	15.26
Total	2,526.69

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

Sector	Amount in crore Taka
Housing & Real Estate	2,490.14
Others	36.55
Total	2,526.69

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

Particulars	Amount in crore Taka
Repayable on demand	9.29
Not more than 3 months	146.72
Over 3 months but not more than 1 year	316.31
Over 1 year but not more than 5 years	1,157.53
Over 5 years	896.84
Total	2,526.69

- (f) By major industry or counterparty type:

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

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

Particulars	Taka in Million
Housing Loans up to 5 years	19.46
Housing Loans over 5 years	44.97
Total	64.43

- ii) Specific and general provisions

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

Particulars	Taka in Million
Provision on classified loans and advances	64.43
Provision on unclassified loans and advances	530.14
Total	594.57

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

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

Particulars	Taka in Million
Provision on classified loans and advances	36.72
Provision on unclassified loans and advances	115.47
Total	152.19

Amount in crore Taka

(g) Gross Non Performing Assets (NPAs)	6.44
Non Performing Assets (NPAs) to outstanding Loans and Advances	0.26%

Movement of Non Performing Assets (NPAs)

Amount in crore Taka

Opening Balance	2.77
Additions	4.37
Reductions	0.70
Closing Balance	6.44

Movement of Specific Provisions for NPAs

Amount in crore Taka

Opening Balance	0.62
Provisions made during the period	0.45
Write-off	0.46
Written-back of excess provisions	-
Closing Balance	0.61

E) Equities: banking book positions

Qualitative Disclosures

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

Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and Strategic reasons; and

Total equity shares holdings except Dan & Bradstreet Rating Agency Bangladesh Ltd. are for capital gain purpose and shares holding of Dan & Bradstreet Rating Agency Bangladesh Ltd. are for relationship and strategic purpose

Discussion of important policies covering the valuation and accounting of equity holdings in the banking book positions. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices.

- Quoted shares are valued at cost prices and if the total cost of a particular share is lower than the market value of that particular share, then provisions are maintained as per terms and conditions of regulatory authority. On the other hand, unquoted share is valued cost price or book value as per latest audited accounts.

Quantitative Disclosures

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

Particulars	Amount in crore Taka
Quoted shares (Market price)	18.13
Quoted shares (At cost)	26.61
Unquoted shares	1.20

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

Particulars	Amount in crore Taka
Cumulative realized losses	1.46

- (d)

Particulars	Amount in crore Taka
Total unrealized gains (Losses)	(8.48)
Total latent revaluation gains (Losses)	-
Any amounts of the above included in Tier 2 Capital	-

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

- Specific Risk –Market value of investment in equities is BDT 18.13 crore. Capital requirement is 10% of the said value which stands at BDT 1.81 crore.
- General Risk –Market value of investment in equities is BDT 18.13 crore. Capital requirement is 10% of the said value which stands at BDT 1.81 crore.

F) Interest rate in the banking book

Qualitative Disclosures

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

Interest rate risk in the banking book arises from mismatches between the future yield of assets and their funding costs. Assets Liability Committee (ALCO) monitors the interest rate movement on a regular basis. DBH measures the interest rate risk by calculating maturity gap between Risk Sensitive Asset (RSA) and Risk Sensitive Liabilities (RSL) i.e. a positive maturity gap affects company's profitability positively with the increment of interest rate and a negative maturity gap affects company's profitability adversely with the increment of interest rate.

Quantitative Disclosures

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

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

Particulars	Maturitywise Distribution of Assets-Liabilities				
	1 to 30/31 day (One month)	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year
A. Total Rate Sensitive Liabilities (A)	55.34	76.70	57.86	183.58	313.45
B. Total Rate Sensitive Assets (B)	169.47	243.88	284.79	199.79	229.74
C. Mismatch	114.13	167.18	226.92	16.21	-83.71
D. Cumulative Mismatch	114.13	281.30	508.23	524.43	440.72
E. Mismatch (%)	206.22%	217.96%	392.16%	8.83%	-26.71%

Interest Rate Risk			
Magnitude of Shock	Minor	Moderate	Major
	2%	4%	6%
Change in the Value of Bond Portfolio (BDT in Crore)	-0.15	-0.31	-0.46
Net Interest Income (BDT in Crore)	8.81	17.63	26.44
Revised Regulatory Capital (BDT in Crore)	284.66	293.32	301.98
Risk Weighted Assets (BDT in Crore)	1759.02	1759.02	1759.02
Revised CAR (%)	16.18%	16.68%	17.17%

G) Market Risk

Qualitative Disclosures

- (a) Views of BOD on trading/investment activities

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

Method used to measure Market risk

Market risk is the probability of losing assets in balance sheet and off-balance sheet position arising out of volatility in market variables i.e. interest rate, exchange rate and prices of securities. In order to calculate the market risk for trading book purposes the company uses Standardize (rule based) Approach. Capital charge for interest rate risk and foreign exchange risk is determined separately.

Market Risk Management System

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

Interest Risk Management

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

Market analysis

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

GAP analysis

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

Continuous Monitoring

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

Equity Risk Management

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

DBH minimizes the equity risks by portfolio diversification as per investment guidelines of senior management.

Quantitative Disclosures

(b) The capital requirements for Market Risk:	Amount in crore Taka
Interest rate risk	-
Equity position risk	3.63
Foreign Exchange Position and Commodity risk (If any)	-

H) Operational Risk:

Qualitative disclosure:

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

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

Performance gap of executives and staff

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

Potential external events

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

Policies and Procedure for mitigating operational risk:

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

Approach to calculating capital charge for operational risk:

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

Quantitative Disclosures:

- b) Capital requirement for operational risk:

Particulars	Amount in crore Taka
Capital requirement for operational risk:	19.12

STATEMENT ON FINANCIAL STATEMENTS BY CEO AND HEAD OF FINANCE

The financial statements of the Delta Brac Housing Finance Corporation Limited are prepared in compliance with International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standards (IFRS)/ Bangladesh Financial Reporting Standards (BFRS) and other applicable laws, rules and regulations.

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

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

- (i) We have reviewed financial statements for the year and that to the best of our knowledge and belief:
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of knowledge and belief, no transaction entered into by the Company during the year which are fraudulent, illegal or violation of the Company's code of conduct.



Q. M. Shariful Ala
Managing Director & CEO



Syed Aminul Islam
SVP & Head of Finance

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 2013 and the Profit & 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 Financial Reporting Standards (BFRSs), the Financial Institution Act 1993, 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 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 (BSAs). 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 our 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, we consider 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 present fairly, in all material respects, the financial position of the company as at June 30, 2013 and its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards and comply with the Financial Institution Act 1993, the rules and regulations issued by Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- c) the Company's Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the books of account;
- d) the expenditure incurred and payment made were for the purpose of the Company's business;
- e) the financial statements have been drawn up in conformity with the rules and regulations issued by Bangladesh Bank to the extent applicable to the Company;
- f) adequate provisions have been made for advances which are, in our opinion, doubtful of recovery;
- g) the Company has complied with the relevant laws pertaining to reserves and maintenance of liquid assets;
- h) the information and explanations required by us have been received and found satisfactory;
- i) we have reviewed over 80% of the risk weighted assets of the company and we have spent about in excess of 1200 person-hours for the audit of books and accounts of the company.

Dated, Dhaka;
September 15, 2013


A. Qasem & Co
Chartered Accountants



THE TREASURE CHEST OF MEMORIES

BALANCE SHEET

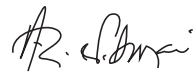
As at 30 June 2013

	Notes	June 30, 2013 Taka	June 30, 2012 Taka
PROPERTY AND ASSETS			
Cash		442,063,889	372,706,679
In hand	3.1	68,348	75,513
Balance with Bangladesh Bank and its agent Bank	3.2	441,995,541	372,631,166
Balance with other banks and financial institutions		6,674,686,774	929,059,560
In Bangladesh	4.1	6,674,686,774	929,059,560
Outside Bangladesh		-	-
Money at call on short notice	5	-	1,650,000,000
Investments	6	358,102,856	450,617,335
Government		-	-
Others		358,102,856	450,617,335
Loans and advances	7	25,266,873,459	24,039,007,094
Fixed assets including land, building, furniture and equipments	8	35,849,017	43,298,793
Other assets	9	226,494,942	156,054,640
Total Assets		33,004,070,937	27,640,744,101
LIABILITIES AND CAPITAL			
Liabilities			
Borrowing from other banks and financial institutions	10	8,249,598,998	7,312,695,521
Deposits and other accounts		19,539,937,251	15,751,200,293
Fixed deposits	11.1	19,539,937,251	15,751,200,293
Other deposits		-	-
Other liabilities	12	2,645,968,682	2,426,308,585
Total Liabilities		30,435,504,931	25,490,204,399
Shareholders' equity			
Paid-up capital	13.2 a	1,160,493,750	1,009,125,000
Preference share capital	13.2 b	40,000	40,000
Share premium	14	154,960,000	154,960,000
Statutory reserve	15	553,405,189	447,617,428
Other reserve	16	378,000,000	268,000,000
Retained earnings	32	321,667,067	270,797,274
Total equity		2,568,566,006	2,150,539,702
Total liabilities and Shareholders' equity		33,004,070,937	27,640,744,101
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	17.1		
Acceptances and endorsement		-	-
Letter of guarantee		-	-
Irrevocable letter of credits		-	-
Bills for collection		-	-
Other contingent liabilities		72,780,156	59,923,470
Total contingent liabilities		72,780,156	59,923,470
Other commitments	17.2		
Documentary credit & short-term trade related transaction		-	-
Forward assets purchased and forward deposit placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		360,958,548	448,325,383
Total other commitments		360,958,548	448,325,383
Total Off-Balance Sheet items including contingent liabilities		433,738,704	508,248,853

Notes:

- The annexed notes 1 to 39 form an integral part of these financial statements.
- These financial statements were approved by the Board of Directors on September 12, 2013 and were signed on its behalf by:

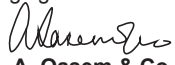

Faruq A Choudhury
 Chairman


A Z Mohammad Hossain
 Director


Mehreen Hassan
 Director


Q. M. Shariful Ala
 Managing Director & CEO

Dated, Dhaka;
 September 15, 2013


A. Qasem & Co.
 Chartered Accountants

PROFIT AND LOSS ACCOUNT


For the year ended 30 June 2013

	Notes	2012-2013 Taka	2011-2012 Taka
Interest Income	18	4,331,988,167	3,458,388,798
Interest paid on deposits and borrowings etc	19	3,036,977,106	2,475,779,264
Net Interest Income		1,295,011,061	982,609,534
Income from investment	20	2,396,211	34,316,820
Commission, exchange and brokerage	21	90,863,669	92,043,624
Other operating income	22	28,263,069	19,677,700
Total operating income		1,416,534,010	1,128,647,678
Salary and allowances	23	176,007,930	161,239,001
Rent, taxes, insurance, electricity, etc.	24	31,308,471	29,018,305
Legal & professional expenses	25	1,688,337	987,466
Postage, stamp, telecommunication, etc.	26	6,174,577	5,641,031
Stationery, printing, advertisements, etc.	27	7,476,970	5,154,014
Managing Director's salary and fees		10,600,000	10,600,000
Directors' fees and expenses	28	748,296	478,283
Auditors' fees	29	230,000	218,500
Depreciation, repair & maintenance	30	20,936,128	20,507,885
Other expenses	31	29,754,989	25,355,228
Total operating expenses		284,925,698	259,199,713
Profit before provisions		1,131,608,312	869,447,965
Provision for			
Loans and advances	12.2.3	152,189,661	(938,916)
Diminution in value of investments	12.2.4	(29,253,875)	105,691,359
Total provisions		122,935,786	104,752,443
Profit before tax		1,008,672,526	764,695,522
Provision for tax			
Current	12.3	483,016,633	363,658,608
Deferred	9.3 a	(2,827,272)	(3,205,905)
		480,189,361	360,452,703
Profit after tax		528,483,165	404,242,819
Appropriations			
Statutory reserve		105,696,633	80,848,563
General reserve		-	-
Dividend on preference share		10,000,000	10,000,000
		115,696,633	90,848,563
Retained surplus		412,786,532	313,394,256
Earnings Per Share (restated)	33	4.47	3.40


Notes:

- The annexed notes 1 to 39 form an integral part of these financial statements.
- These financial statements were approved by the Board of Directors on September 12, 2013 and were signed on its behalf by:

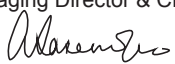

Faruq A Choudhury
 Chairman


A Z Mohammad Hossain
 Director


Mehreen Hassan
 Director


Q. M. Shariful Ala
 Managing Director & CEO

Dated, Dhaka;
 September 15, 2013


A. Qasem & Co.
 Chartered Accountants

CASH FLOW STATEMENT

For the year ended 30 June 2013

	2012-2013 Taka	2011-2012 Taka
Cash flows from operating activities		
Interest received	4,232,738,724	3,451,354,875
Interest payments	(3,071,657,496)	(2,151,836,677)
Dividend received	799,320	35,575,537
Fees and commission received	90,863,669	97,183,699
Paid to employees	(185,893,091)	(182,837,450)
Paid to suppliers and for various operating expenses	(78,814,033)	(79,874,758)
Income tax paid	(402,464,710)	(431,015,421)
Received from other operating activities	12,556,086	(9,932,514)
Cash generated from operating activities before changes in operating assets and liabilities	598,128,469	728,617,291
Increase/(decrease) in operating assets and liabilities		
Loans and advances to customers	(1,229,502,870)	(2,330,841,134)
Other assets	55,510,595	(38,041,381)
Loans and deposits from banks and other customers	4,648,948,997	2,406,847,767
Other liabilities	40,554,030	32,285,089
Cash generated from operating assets and liabilities	3,515,510,752	70,250,341
Net cash generated from operating activities	4,113,639,221	798,867,632
Cash flows from investing activities		
Net proceed from Investment in trading securities	92,514,479	56,257,854
Purchase of property, plant & equipment	(6,528,453)	(16,381,244)
Proceeds from sell of property, plant & equipment	1,091,084	1,118,348
Net cash generated from investing activities	87,077,110	40,994,958
Cash flows from financing activities		
Payments for redemption of loan & debt security	-	(7,480,700)
Payment of Preference share dividend	(10,000,000)	(10,000,000)
Cash dividend paid	(100,912,500)	-
Payment for finance lease	(1,510,846)	(1,743,426)
Net cash used in financing activities	(112,423,346)	(19,224,126)
Net increase in cash and cash equivalents	4,088,292,985	820,638,464
Cash and cash equivalents (net off overdraft) at the beginning of the period	2,726,493,090	1,905,854,626
Cash and cash equivalents (net off overdraft) at the end of the period	6,814,786,075	2,726,493,090

Notes:

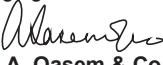
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 Managing Director & CEO


A. Qasem & Co.
 Chartered Accountants

Dated, Dhaka;
 September 15, 2013

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2013

Amount in Taka

Particulars	Paid-up Capital	Preference Share Capital	Share Premium	Statutory Reserve	General & Other Reserves	Retained earnings	Total
Balance as on 1 July 2012	1,009,125,000	40,000	154,960,000	447,617,428	268,000,000	270,797,274	2,150,539,702
Prior year adjustment				91,128		364,511	455,639
Balance as on 1 July 2012 after prior year adjustment	1,009,125,000	40,000	154,960,000	447,708,556	268,000,000	271,161,785	2,150,995,341
Net profit (after tax) for the period	-	-	-	-	-	528,483,165	528,483,165
Transferred to reserve funds	-	-	-	105,696,633	110,000,000	(215,696,633)	-
Stock dividend issued	151,368,750	-	-	-	-	(151,368,750)	-
Cash dividend paid	-	-	-	-	-	(100,912,500)	(100,912,500)
Preference share dividend	-	-	-	-	-	(10,000,000)	(10,000,000)
Balance as on June 30, 2013	1,160,493,750	40,000	154,960,000	553,405,189	378,000,000	321,667,067	2,568,566,006
Balance as on June 30, 2012	1,009,125,000	40,000	154,960,000	447,617,428	268,000,000	270,797,274	2,150,539,702

LIQUIDITY STATEMENT

As at 30 June 2013

Amount in Taka

Particulars	up to 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Above 5 Years	Total
Assets						
Cash (In hand and balance with Bangladesh Bank and its agent bank)	442,063,889	-	-	-	-	442,063,889
Balance with other banks and financial institutions	1,278,034,378	4,315,000,000	1,081,652,396	-	-	6,674,686,774
Money at call and on short notice	-	-	-	-	-	-
Investments	246,103,356	-	89,500,000	-	22,499,500	358,102,856
Loans and advances	587,907,992	972,188,704	3,163,087,531	11,575,260,337	8,968,448,895	25,266,873,459
Fixed assets including land, building, furniture & equipments	1,099,311	2,198,622	9,893,796	18,891,904	3,765,384	35,849,017
Other assets	48,125,238	86,470,959	80,873,442	11,025,303	-	226,494,942
Total Assets	2,603,334,164	5,375,838,285	4,425,007,165	11,605,177,544	8,994,713,779	33,004,070,937
Liabilities						
Borrowing from other banks and financial institutions	1,051,851,534	198,493,912	688,015,492	3,467,498,007	2,843,740,053	8,249,598,998
Deposits and other accounts	533,533,698	1,147,166,773	3,980,356,659	438,901,047	13,439,979,074	19,539,937,251
Other liabilities	375,548,596	375,061,108	1,131,331,615	483,922,068	280,105,295	2,645,968,682
Total liabilities	1,960,933,828	1,720,721,793	5,799,703,766	4,390,321,122	16,563,824,422	30,435,504,931
Net liquidity gap	642,400,336	3,655,116,492	(1,374,696,601)	7,214,856,422	(7,569,110,643)	2,568,566,006

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2013

1 Company and its activities

(a) Legal status

Delta Brac Housing Finance Corporation Limited (here-in-after referred to as "DBH" or "the Company") was incorporated as a public limited company and obtained the Certificate of Commencement of Business under Companies Act 1994 on May 11, 1996. The Company has also been granted license under the Financial Institutions Act 1993 on July 15, 1996. The Company went for public issue in 2007-08 and the shares of the Company are listed in Dhaka and Chittagong Stock Exchanges 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 therefore did not take into consideration of the effect of inflation. The preparation and presentation of the financial statements and the disclosure of information have been made in accordance with the DFIM circular no. 11 dated 23rd December 2009 in conformity with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, the Financial Institutions Act 1993, Securities and Exchange Rules 1987, the listing rules of Dhaka and Chittagong Stock Exchanges and other applicable laws & regulations in Bangladesh and practices generally followed by Housing Finance Institutions.

As Bangladesh Bank is the primary regulator of Financial Institutions, the Bangladesh Bank guidelines, circulars, notifications and any other requirements are given preference to BAS and BFRS, where any contradictions arises.

2.02 Going concern

The financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

2.03 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.

2.04 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 to assess whether any further allowances/ write back 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.

2.05 Materiality and aggregation

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

2.06 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.

2.07 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 and past trend of early settlement.
- d) Fixed assets are on the basis of their useful lives.
- e) Other assets are on the basis of their realization / amortization.
- f) Borrowings from other banks, financial institutions and agents are as per their maturity/ repayment term.
- g) Deposits and other accounts are on the basis of their maturity term and past trend of withdrawal by the depositors.
- h) Other liabilities are on the basis of their payment/ adjustment schedule.

2.08 Property, plant and equipments

a. Recognition

In pursuant to BAS 16 "Property, plant and equipment" the cost of an item of property, plant and equipments is recognized as an asset 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 expenditures are charged to the Profit & Loss account during the financial period in which they are incurred.

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.

b. Depreciation

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

Category of assets	Rates of depreciation per annum	Estimated useful life
Furniture & Fixture	15% - 20%	5- 6.67 years
Equipment	20% -25%	4- 5 years
Vehicles (both freehold and leasehold)	20%	5 years
Building	3%	33.33 years
Land	Not depreciated	

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

c. De-recognition

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

2.09 Intangible assets

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

2.10 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.

2.11 Investment in securities

Investments are initially recognized at cost including acquisition charges with the investments. After initial recognition, investments in marketable securities have been valued at cost or market price whichever is lower on an aggregate portfolio basis. Investment in non marketable securities have been valued at cost. Full provision for diminution in value of securities at the year end on aggregate portfolio basis is made in the financial statements as required by Bangladesh Bank DFIM circular No. 02 dated January 31, 2012.

2.12 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.

2.13 Cash Flow Statements

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

2.14 Revenue recognition

Interest income

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

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

Grant from IFC

During the year under audit company received a grant from IFC under the agreement of "Performance Based Grant Initiative (PBGI)" between IFC and DBH for the purpose of expanding its target market segment to include informal sector borrowers and expand outreach to lower and middle income target segments.

Subjects to the terms and conditions during the year DBH received from IFC \$194,000.00 (in 2011-12: \$156,000.00) equivalent BDT 15,566,200.00 (One crore fifty five lac sixty six thousand two hundred only).

As per BAS 20," Accounting for Government Grants and Disclosure of Government Assistance" the grant is recognized in profit and loss account on a systematic basis over the period in which the entity recognized as expenses the related cost for which the grants are intended to compensate.

2.15 Interest suspense account

Interest on non-performing loans is not recognized as revenue and credited to interest suspense account. Non performing loans refer to the loans when the installments are outstanding for more than six months and any other accounts which are considered impaired on the basis of qualitative judgments.

2.16 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 2012 to assess the adequacy of the liability for the scheme as per Bangladesh Accounting Standard - 19 "Employee Benefits".

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

Less than 5 year of confirmed service - Nil

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

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

Maximum benefits - 50 times basic pay

ii) Contributory provident fund

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

2.17 Taxation

Current tax

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

2.18 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 impaired on the basis of qualitative judgment. The Company has made adequate provision which is more than the minimum regulatory requirement.

2.19 Write off

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

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

2.20 Interest expense

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

2.21 Prior year adjustment

During the year, a minor adjustment was made to Retained earnings, Tax Payable and Statutory reserve to accurately reflect the calculation of prior year interest expense, in line with the requirement of BAS-8 : Accounting Policies, changes in Accounting Estimates and Errors.

2.22 Earnings per share

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

2.23 Related party 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 37.

2.24 Events after the balance sheet date

As per BAS 10 "Events after the balance sheet date", all material events occurring after the balance sheet date 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 recognized 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, 2013. 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	Applied
The Effect of Change in Foreign Exchange Rates	21	Applied
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
Interest 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

** DBH management has followed the principles of BAS & BFRS consistently in the preparation of the financial statements to that extent as applicable to the financial institution. Some of the standards have not been complied with, about which Bangladesh Bank has special guideline.

N/A = Not applicable

2.29 Financial risk management

The Company always concentrates on delivering high value to its stakeholders through appropriate trade-off between risk and return. A well structured and proactive risk management system comprising risk management forum supported by risk management unit is in place within the Company to address risks relating to credit, market, liquidity and operations. In addition to the industry best practices for assessing, identifying and measuring risks, the Company also considers guidelines for managing core risks of financial institutions issued by the Country's Central Bank, Bangladesh Bank, vide FID Circular No. 10 dated September 18, 2005 for management of risks.

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.

2.30 Implementation of BASEL-II

To comply with international best practices to make the FI's capital more risk sensitive as well as to make the FI industry more shock absorbent and stable, Bangladesh Bank provided regulatory capital framework "Risk Based Capital Adequacy for FI's" which is effective from 01 January 2012.

DBH management is aware about guideline of Bangladesh Bank and implementing new Capital Adequacy requirement according to BASEL-II. BASEL-II implementation committee is headed by Managing Director & CEO. Adequate training to the concerned staff on BASE-II is given for better understanding and smooth implementation of the Capital Adequacy requirement.

		June 30, 2013 Taka	June 30, 2012 Taka
3	Cash		
3.1	Cash in hand		
	Local Currency	68,348	75,513
	Foreign Currency	-	-
		<u>68,348</u>	<u>75,513</u>
3.2	Balance with Bangladesh Bank and its' agents		
	Bangladesh Bank:		
	Local Currency	441,800,675	372,421,558
	Foreign Currency	157,714	166,238
		<u>441,958,389</u>	<u>372,587,796</u>
	Balance with Sonali Bank being an agent of Bangladesh Bank	37,152	43,370
		<u>441,995,541</u>	<u>372,631,166</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	436,875,222	368,156,234
Actual reserve maintained	447,438,139	373,289,761
Surplus/(deficit)	<u>10,562,917</u>	<u>5,133,527</u>

3.3.2 Statutory Liquidity Reserve (SLR)

Required reserve (including CRR)	977,603,401	845,580,901
Actual reserve maintained (including CRR note -3.3.1)	7,116,592,949	2,951,600,001
Surplus/(deficit)	<u>6,138,989,548</u>	<u>2,106,019,100</u>

	June 30, 2013 Taka	June 30, 2012 Taka
4 Balance with other banks and financial institutions		
In Bangladesh (Note 4.1)	6,674,686,774	929,059,560
Outside Bangladesh	-	-
	6,674,686,774	929,059,560
4.1 In Bangladesh		
Current deposits	42,662,099	12,713,849
Short-term deposits	35,372,279	68,226,898
Fixed deposits	6,596,652,396	848,118,813
	6,674,686,774	929,059,560
4.2 Maturity grouping of balance with other banks and financial institutions		
Payable on demand	42,662,099	12,713,849
up to 1 month	1,235,372,279	568,226,898
Over 1 month but not more than 3 months	4,315,000,000	150,000,000
Over 3 month but not more than 6 months	880,000,000	30,000,000
Over 6 month but not more than 1 year	201,652,396	166,466,417
Over 1 year but not more than 5 year	-	1,652,396
Over 5 years	-	-
	6,674,686,774	929,059,560
5 Money at call and on short notice		
Jamuna Bank Limited	-	160,000,000
Marcantile Bank Limited	-	150,000,000
Mutual Trust bank Limited	-	160,000,000
Prime Bank Limited	-	150,000,000
Southeast Bank Limited	-	100,000,000
Standard Bank Limited	-	120,000,000
International Leasing and Financial Services Limited	-	200,000,000
Lanka Bangla Finance Limited	-	230,000,000
Prime Finance and Investment Limited	-	150,000,000
Union Capital Limited	-	180,000,000
Premier Leasing and Finance Limited	-	30,000,000
Reliance Finance Limited	-	20,000,000
	-	1,650,000,000
6 Investments		
Government securities:	-	-
Other investments:		
Non marketable securities (Note-6.1)	11,999,500	12,029,500
Bonds (Orascom Telecom - Amortizing Senior Secured Bond)	80,000,000	120,000,000
Marketable securities (Note-6.2)	266,103,356	318,587,835
	358,102,856	450,617,335

		June 30, 2013 Taka	June 30, 2012 Taka
6.1	Investment in non marketable securities		
	No. of shares		
	Dan & Bradstreet Rating Agency Bangladesh Ltd	24,995	2,499,500
	Energyprima Ltd. (Pre-IPO shares)	100,000	9,500,000
	Unique Hotel & Resorts Ltd.(IPO shares)	400	-
		11,999,500	12,029,500
6.2	Investment in marketable securities		
	Sectors	Market price 2012-2013 Taka	Cost price
	Bank	-	16,527,259
	Ceramics Sector	-	3,752,769
	Engineering	14,893,370	23,257,692
	Financial Institutions	249,342	482,361
	Fuel & Power	5,108,100	6,294,850
	Insurance	11,052,143	16,304,375
	Investment	142,100,000	209,742,081
	Miscellaneous	206,415	538,997
	Pharmaceuticals & Chemicals	-	6,960,187
	Tannery Industries	3,321,000	4,090,011
	Telecommunication	-	-
	Travel and leisure	1,425,000	1,873,379
	Textile	2,942,000	3,519,610
		181,297,370	266,103,356
			318,587,835

All investment in marketable securities are valued on an aggregate portfolio basis. As on June 30, 2013 there was TK.84,805,986 gross unrealized loss on investment in marketable listed securities. Full provision for which has been recognized in the financial statements. Market value has been determined on the basis of the value of securities at last trading date of June 2013 (last trading date was June 30, 2013).

6.3 Maturity grouping of investments:

On demand	246,103,356	298,617,835
upto 1 month	-	-
Over 1 month but not more than 3 months	-	-
Over 3 month but not more than 6 months	9,500,000	9,500,000
Over 6 month but not more than 1 year	80,000,000	40,000,000
Over 1 year but not more than 5 year	-	80,000,000
Over 5 years	22,499,500	22,499,500
	358,102,856	450,617,335

7 Loans and advances

Inside Bangladesh		
Housing Loan - secured	24,689,345,793	23,381,578,296
Installment Receivable - Housing Loan	92,867,621	90,115,085
Staff loan	127,739,216	134,413,765
Loan against Deposits	356,920,829	432,899,948
	25,266,873,459	24,039,007,094
Outside Bangladesh	-	-
	25,266,873,459	24,039,007,094

	June 30, 2013 Taka	June 30, 2012 Taka
7.1 Maturity grouping of loans and advances		
Repayable on Demand	92,867,621	90,115,085
Not more than 3 months	1,467,209,075	1,040,461,370
Over 3 month but not more than 1 years	3,163,087,531	2,941,129,569
Over 1 year but not more than 5 year	11,575,260,337	10,126,253,486
Over 5 years	8,968,448,895	9,841,047,584
	<u>25,266,873,459</u>	<u>24,039,007,094</u>
7.2		
a) Loans and advances to institutions in which directors have interest	-	-
b) Loans and advances to chief executive	-	-
c) Loans and advances to senior executives	14,149,941	16,060,812
d) Loans and advances to customer group:		
i) Housing Loan - Customer	24,782,213,414	23,471,693,381
ii) Staff Loan-Housing & Others	113,589,275	118,352,953
iii) Loan to Depositors	356,920,829	432,899,948
	<u>25,266,873,459</u>	<u>24,039,007,094</u>
e) Details of loans and advances industry-wise		
i) Housing Finance/ Real Estate	24,901,350,025	23,598,366,401
ii) Others	365,523,434	440,640,693
	<u>25,266,873,459</u>	<u>24,039,007,094</u>
7.3 Loans and advances - geographical location-wise		
Inside Bangladesh		
Urban		
Dhaka	22,942,639,945	21,747,688,643
Chittagong	2,171,664,243	2,139,901,282
Sylhet	152,569,271	151,417,169
	<u>25,266,873,459</u>	<u>24,039,007,094</u>
Outside Bangladesh:	-	-
	<u>25,266,873,459</u>	<u>24,039,007,094</u>
7.4 Details of large loans and advances		
There were no clients with outstanding amount and classified loans/advances exceeding 15% of total capital of the institution.		
7.5 Particulars of loans and advances		
i) Loans and advances considered good in respect of which the financial institution is fully secured.	25,260,420,997	24,030,076,980
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.	6,452,462	8,930,114
iv) Loans and advances adversely classified: for which no provision is created.	-	-
	<u>25,266,873,459</u>	<u>24,039,007,094</u>

	June 30, 2013 Taka	June 30, 2012 Taka
v) Loans and advances due by officers of the financial institution or any of them either separately or jointly with any other persons.	127,739,216	134,413,765
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.	130,620,250	144,676,171
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 loan and advances		
a) Classified loans for which interest/ profit not credited to income		
i) Increase/(decrease) of provision (specific)	141,755,346	(24,242,947)
ii) Amount of written off debt against fully provided debts	4,941,646	-
iii) Amount of debt recovered against the debt which was previously written off	-	-
b) Amount of provision kept against loan classified as bad/loss at balance sheet date	43,358,896	14,917,345
c) Amount of interest creditable to interest suspense account	24,538,519	14,531,515
xi) Cumulative amount of written off loan and advances		
Opening Balance	-	-
Amount written off during the year	4,941,646	-
Amount recovered against loans and advances previously written off	-	-
Balance of written off loans and advances yet to be recovered	4,941,646	-
7.6 Classification of loans and advances		
Unclassified:		
Standard (including staff loan and loan against deposits)	25,169,078,157	23,955,097,323
Special mention account (SMA)	33,360,475	56,190,440
	<u>25,202,438,632</u>	<u>24,011,287,763</u>
Classified:		
Sub-standard	10,715,023	-
Doubtful	10,360,908	12,801,986
Bad/loss	43,358,896	14,917,345
	<u>64,434,827</u>	<u>27,719,331</u>
	<u>25,266,873,459</u>	<u>24,039,007,094</u>

7.7 Calculation of provision for loans and advances as per Loan Classification Report as on June 30, 2013.

Nature	Base for provision	Rate (%)	Provision required
Standard	24,684,418,112	1	246,844,181
Special Mentioned account	30,377,058	5	1,518,853
Sub- standard	2,390,180	20	478,036
Doubtful	-	50	-
Bad	5,641,761	100	5,641,761
Staff - standard	127,739,216	1	1,277,392
Loan against deposit - standard	356,920,829	1	3,569,208

	June 30, 2013 Taka	June 30, 2012 Taka
8 Fixed assets including land, building, furniture and equipments:		
Freehold assets (Cost):		
Furniture & fixture	38,591,063	35,024,251
Office equipment	47,253,041	44,672,789
Vehicles	14,230,186	16,709,226
Building	4,785,450	4,785,450
Land	1,143,750	1,143,750
Intangible asset	820,095	1,160,195
Leasehold assets:		
Motor vehicle	6,600,000	6,600,000
	113,423,585	110,095,661
Less: Accumulated depreciation/amortization	77,574,568	66,796,868
	35,849,017	43,298,793
Detailed are shown in annexure A.		
9 Other assets		
Accounts receivable (Note-9.1)	207,124,188	140,336,842
Advances, deposits and prepayments (Note-9.2)	7,458,432	6,980,936
Deferred tax assets (Note-9.3)	10,169,030	7,341,758
Stamps and pay order in hand	1,743,292	1,395,104
	226,494,942	156,054,640
9.1 Accounts receivable		
Interest receivable	201,835,883	79,151,676
Sundry receivable	5,288,305	61,185,166
	207,124,188	140,336,842
9.2 Advances, deposits and prepayments		
Advance to employees	179,151	201,851
Advance to suppliers	1,020,000	405,000
Security deposits	3,004,000	3,095,990
Advance rent	3,255,281	3,278,095
	7,458,432	6,980,936
9.3 Deferred tax assets		
Balance as on July 1	7,341,758	4,135,853
Add. Addition during the year (Note-9.3a)	2,827,272	3,205,905
	10,169,030	7,341,758

	June 30, 2013 Taka	June 30, 2012 Taka
9.3 a Calculation of deferred tax		
Carrying amount of Fixed Assets(excluding land)	32,390,227	38,833,350
Tax base value of Fixed Assets	47,352,809	50,587,376
Deductible temporary difference	14,962,582	11,754,026
Applicable tax rate	42.50%	42.50%
i) Deferred tax assets on fixed assets	6,359,097	4,995,461
Carrying amount-Loss on sale of securities	38,099,326	23,462,973
Tax base	-	-
Deductible temporary difference	38,099,326	23,462,973
Applicable tax rate	10%	10%
ii) Deferred tax assets on loss on sale of securities	3,809,933	2,346,297
Total deferred tax assets (i+ ii)	10,169,030	7,341,758
Deferred tax (liability)/assets at the beginning of the year	7,341,758	4,135,853
Deferred tax income	2,827,272	3,205,905
10 Borrowing from other banks and financial institutions		
Inside Bangladesh (Note 10.1)	6,349,865,664	5,154,462,188
Outside Bangladesh (Note 10.2)	1,899,733,334	2,158,233,333
	8,249,598,998	7,312,695,521
10.1 Inside Bangladesh		
Secured long-term loans		
Uttara Bank Limited	-	39,162,128
Pubali Bank Limited	1,350,000,000	450,000,000
Commercial Bank of Ceylon plc	219,640,000	179,760,000
	1,569,640,000	668,922,128
Zero Coupon Bond		
Prime Bank Limited	-	75,000,000
Unsecured long-term loan		
Bangladesh Bank (housing refinance)	3,748,261,076	4,035,266,910
	3,748,261,076	4,035,266,910
Bank Overdraft		
Prime Bank Limited	-	-
Commercial Bank of Ceylon plc	107,042,131	56,011,920
Citi Bank N.A	3,772,655	1,680,455
HSBC	10,312,417	-
Standard Chartered Bank	180,836,432	167,580,775
Standard Bank Limited	953	-
	301,964,588	225,273,150

	June 30, 2013 Taka	June 30, 2012 Taka
Call loans		
The City Bank Ltd.	140,000,000	-
United Commercial Bank Ltd.	150,000,000	-
Dutch Bangla Bank Ltd.	100,000,000	-
Pubali Bank Ltd.	50,000,000	-
Mutual Trust Bank Ltd.	30,000,000	-
South East Bank Ltd.	60,000,000	-
Estern Bank Ltd.	50,000,000	-
Standard Bank Ltd.	150,000,000	-
	<u>730,000,000</u>	<u>-</u>
Short term loan		
Citibank N A	-	150,000,000
	<u>-</u>	<u>150,000,000</u>
Total inside Bangladesh	<u>6,349,865,664</u>	<u>5,154,462,188</u>
10.2 Outside Bangladesh		
Netherlands Development Finance Company (FMO)	1,688,083,334	1,946,583,333
Triodos	211,650,000	211,650,000
	<u>1,899,733,334</u>	<u>2,158,233,333</u>
10.3 Security against borrowings from other banks and financial institutions		
Secured	3,771,337,922	3,277,428,611
Unsecured	4,478,261,076	4,035,266,910
	<u>8,249,598,998</u>	<u>7,312,695,521</u>

The aforesaid secured loans 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. Bank overdraft except overdraft from CBC are secured by FDR.

10.4 Maturity grouping of borrowings from other banks and financial institutions

Payable on demand	1,031,964,588	225,273,150
Up to 1 month	19,886,946	179,186,792
Over 1 month but within 3 months	198,493,912	110,327,708
Over 3 months but within 1 year	688,015,492	682,468,197
Over 1 year but within 5 years	3,467,498,007	2,716,417,924
Over 5 years	2,843,740,053	3,399,021,750
	<u>8,249,598,998</u>	<u>7,312,695,521</u>

	June 30, 2013 Taka	June 30, 2012 Taka
11 Deposits and other accounts		
Fixed deposits (Note: 11.1)	19,539,937,251	15,751,200,293
11.1 Fixed Deposits		
Balance as on 01 July	15,751,200,293	13,307,831,582
Addition during the year	23,027,002,437	17,222,627,803
	38,778,202,730	30,530,459,385
Repayment made during the year	19,238,265,479	14,779,259,092
Balance as at 30 June	19,539,937,251	15,751,200,293
11.2 Group-wise break-up of deposits and others accounts		
Government	-	-
Bank	300,000,000	300,000,000
Other institutions	9,346,174,253	7,187,893,131
Individuals	9,893,762,998	8,263,307,162
	19,539,937,251	15,751,200,293
11.3 Maturity analysis of deposits		
Payable on demand	-	-
Up to 1 month	533,533,698	415,051,699
Over 1 month but within 6 months	2,744,876,690	1,983,864,760
Over 6 months but within 1 year	2,382,646,742	1,944,874,633
Over 1 year but within 5 years	438,901,047	489,264,493
Over 5 years but within 10 years	11,735,615,000	9,492,392,428
Over 10 years	1,704,364,074	1,425,752,280
	19,539,937,251	15,751,200,293
12 Other liabilities		
Liabilities under finance lease (Note: 12.1)	1,257,631	2,768,477
Provision for loans & investment (Note: 12.2)	679,372,395	561,070,354
Provision for income tax (Note: 12.3)	178,585,263	97,696,563
Interest suspense (Note: 12.4)	24,538,519	14,531,515
Other payables (Note:12.5)	1,762,214,874	1,750,241,676
	2,645,968,682	2,426,308,585
12.1 Liabilities under finance lease		
Balance as on July 1	2,768,477	4,511,903
Add: addition during the year	-	-
	2,768,477	4,511,903
Less: Repayment during the year	1,510,846	1,743,426
Balance at 30 June	1,257,631	2,768,477
12.1.1 Aging analysis of liabilities under finance leass		
Up to 1 month	134,237	119,129
Over 1 month but within 3 months	272,514	241,843
Over 3 months but within 1 year	850,880	1,149,875
Over 1 year but within 5 years	-	1,257,630
Over 5 years	-	-
	1,257,631	2,768,477

	June 30, 2013 Taka	June 30, 2012 Taka
12.2 Provision for loans and investment		
Balance as on July 1	561,070,354	456,317,911
Provision written off	(4,633,745)	-
Provision charged for the year	122,935,786	104,752,443
Provision recovered for the year	-	-
Balance as on 30 June	679,372,395	561,070,354
12.2.1 General Provision		
Balance as on July 1	241,590,071	218,286,040
Charged during the year	10,434,315	23,304,031
Balance as on 30 June	252,024,386	241,590,071
12.2.2 Specific Provision		
Balance as on July 1	205,420,422	229,663,369
Provision written off	(4,633,745)	-
Provision recovered during the year	-	-
Provision charged for the year	141,755,346	(24,242,947)
Provision no longer required written back.	-	-
Balance as on 30 June	342,542,023	205,420,422
12.2.3 Provision on Loans and advances		
General Provision charged during the year	10,434,315	23,304,031
Specific Provision charged during the year	141,755,346	(24,242,947)
	152,189,661	(938,916)
12.2.4 Provision for diminutions in the value of investments		
Balance as on July 1	114,059,861	8,368,502
Provision during the year	(29,253,875)	105,691,359
Balance as on 30 June	84,805,986	114,059,861
12.3 Provision for income tax including deferred tax		
Balance as on July 1	97,696,563	165,053,375
Prior year adjustment	336,777	-
	98,033,340	165,053,375
Addition during the year (Current tax)	483,016,633	363,658,608
Tax paid	(402,464,710)	(431,015,420)
	178,585,263	97,696,563
Deferred tax liability	-	-
Balance as on June 30	178,585,263	97,696,563
12.4 Interest suspense		
Balance as on July 1	14,531,515	12,542,172
Interest suspended during the year	10,314,905	1,989,343
Recovery of suspended interest during the year	-	-
Written off suspended interest during the year	(307,901)	-
	24,538,519	14,531,515

	June 30, 2013 Taka	June 30, 2012 Taka
12.5 Other payables		
Interest payable on deposit & loans	1,499,204,188	1,534,676,994
Sundry creditors	66,565,855	59,318,371
Unclaimed instruments	23,503,223	22,021,927
Payable to clients	51,408,705	43,763,624
Loan under litigation	5,492,518	1,872,167
Privileged creditors	102,327,900	73,074,654
Liability for expenses	3,712,485	5,513,939
Preference share dividend payables	10,000,000	10,000,000
	<u>1,762,214,874</u>	<u>1,750,241,676</u>
13 Share Capital		
13.1 Authorized capital		
199,950,000 Ordinary shares of Tk. 10 each	1,999,500,000	1,999,500,000
5,000 Preference shares of Tk. 100 each	500,000	500,000
	<u>2,000,000,000</u>	<u>2,000,000,000</u>
13.2 Issued, subscribed, called and paid -up capital		
(a) Ordinary shares		
100,912,500 Ordinary shares Taka 10 each on 1st July (2011-12: 50,456,250 ordinary shares of Taka 10 each)	1,009,125,000	504,562,500
151,368,750 Ordinary shares Taka 10 each issued as bonus share	151,368,750	-
50,456,250 Ordinary shares Taka 10 each issued as bonus share	-	504,562,500
	<u>1,160,493,750</u>	<u>1,009,125,000</u>
b) Preference share capital		
400 Shares of TK. 100 each (Issued at a premium of 249,900 per share in cash)	40,000	40,000

2012-2013

	No. of shares	Taka
13.3 Capital of the Company is held by the following shareholders		
a) Ordinary shares		
Local shareholders:		
BRAC	21,339,630	213,396,300
Delta Life Insurance Company Ltd	20,125,000	201,250,000
Green Delta Insurance Company Ltd	17,761,727	177,617,270
General shareholder	22,371,388	223,713,880
	<u>81,597,745</u>	<u>815,977,450</u>
Foreign shareholders:		
International Finance Corporation	14,183,801	141,838,010
HDFC Investments Ltd (HIL), India	14,183,801	141,838,010
General shareholder	6,084,028	60,840,280
	<u>34,451,630</u>	<u>344,516,300</u>
b) Preference shareholders		
Industrial Promotion and Development Company of Bangladesh Ltd	400	40,000
	<u>400</u>	<u>40,000</u>
	<u>116,049,775</u>	<u>1,160,533,750</u>

13.4 Classification of shareholders by holding as required by Regulation 37 of the listing Regulations of Dhaka Stock Exchange Ltd.

Shareholding range	No. of shareholders	No. of shares	%of share holding
01-500	1339	311,796	0.27
501-5000	2213	3,803,291	3.28
5001-10000	196	1,446,411	1.25
10001-20000	109	1,492,005	1.29
20001-30000	35	852,045	0.73
30001-40000	16	554,684	0.48
40001-50000	11	498,775	0.43
50001-100000	20	1,358,150	1.17
100001-1000000	20	5,356,123	4.62
Over 1000000	10	100,376,095	86.49
		<u>116,049,375</u>	<u>100</u>

	June 30, 2013 Taka	June 30, 2012 Taka
13.5 Capital Adequacy Ratio - As per BASEL-II		
1. Tier-1 (Core Capital)		
1.1 Fully Paid-up Capital/Capital Deposited with BB	1,160,493,750	1,009,125,000
1.2 Statutory Reserve	553,405,189	447,617,428
1.3 Non-repayable Share premium account	55,000,000	55,000,000
1.4 General Reserve	248,000,000	168,000,000
1.5 Retained Earnings	321,667,067	270,797,274
1.6 Minority interest in Subsidiaries	-	-
1.7 Non-Cumulative irredeemable Preferences shares	-	-
1.8 Dividend Equalization Account	130,000,000	100,000,000
1.9 Others (if any item approved by Bangladesh Bank)	-	-
1.10 Sub-Total (1.1 to 1.9)	<u>2,468,566,006</u>	<u>2,050,539,702</u>
Deductions from Tier-1 (Core Capital)		
1.11 Book value of Goodwill and value of any contingent assets which are shown as assets	-	-
1.12 Shortfall in provisions required against classified assets	-	-
1.13 Shortfall in provisions required against investment in shares	-	-
1.14 Remaining deficit on account of revaluation of investments in securities after netting off from any other surplus on the securities.	-	-
1.15 Any investment exceeding the approved limit.	-	-
1.16 Investments in subsidiaries which are not consolidated	-	-
1.17 Increase in equity capital resulting from a securitization exposure	-	-
1.18 Other (if any)	-	-
1.19 Sub Total (1.11-1.18)	-	-
1.20 Total Eligible Tier-1 Capital (1.10-1.19)	<u>2,468,566,006</u>	<u>2,050,539,702</u>

	June 30, 2013 Taka	June 30, 2012 Taka
2 . Tier-2 (Supplementary Capital)		
2.1 General Provision (Unclassified loans up to specified limit + SMA + off Balance Sheet exposure)	191,442,271	155,620,486
2.2 Assets Revaluation Reserves	-	-
2.3 Revaluation Reserve for Securities	-	-
2.4 All other preference shares(including premium)	100,000,000	100,000,000
2.5 Other (if any item approved by Bangladesh Bank)	-	-
2.6 Sub-Total (2.1 to 2. 5)	291,442,271	255,620,486
2.7 Applicable Deductions if any	-	-
Total Eligible Tier-2 Capital (2.6-2.7)	291,442,271	255,620,486
3 . Tier-3 (Additional Supplementary Capital)	-	-
Total capital	2,760,008,277	2,306,160,188
Total risk weighted assets	17,590,214,749	14,577,490,806
Required capital based on risk weighted assets(10%)	1,759,021,475	1,457,749,081
Surplus	1,000,986,802	848,411,108
Capital Adequacy Ratio:		
On core capital	14.03%	14.07%
On actual capital (against standard of minimum 10%)	15.69%	15.82%
14 Share premium account		
Preference shares	99,960,000	99,960,000
Ordinary shares	55,000,000	55,000,000
	154,960,000	154,960,000
15 Statutory reserve		
Balance as on July 1	447,617,428	366,768,865
Prior year adjustment	91,128	-
	447,708,556	366,768,865
Add: addition during the year (20% of profit after tax)	105,696,633	80,848,563
Balance at 30 June	553,405,189	447,617,428
This reserve has been created as per the provision of Financial institution Rules 1993.		
16 Other reserve		
Contingency Reserve (Note 16.1)	240,000,000	160,000,000
General Reserve (Note 16.2)	8,000,000	8,000,000
Dividend equalization reserve (Note 16.3)	130,000,000	100,000,000
	378,000,000	268,000,000
16.1 Contingency Reserve		
Balance as on July 1	160,000,000	340,000,000
Add: addition during the year	80,000,000	30,000,000
Less: Bonus issued	-	(210,000,000)
Balance at 30 June	240,000,000	160,000,000

	June 30, 2013 Taka	June 30, 2012 Taka
16.2 General Reserve		
Balance as on July 1	8,000,000	18,000,000
Add: addition during the year	-	-
Less: Bonus issued	-	(10,000,000)
Balance at 30 June	8,000,000	8,000,000
16.3 Dividend equalization reserve		
Balance as on July 1	100,000,000	70,000,000
Add: addition during the year	30,000,000	30,000,000
Balance at 30 June	130,000,000	100,000,000
17 Business commitments and contingencies		
17.1 Contingent liabilities	72,780,156	59,923,470
<p>The said amount claimed by the tax authority for the assessment year 2004-05, 2005-06, 2007-08, 2009-10 assessed by disallowing accrued interest on deposits, statutory reserve, profit on sale of marketable securities and simple interest charged on net tax payable as per assessment order. All of these cases are pending to the high court for reference.</p> <p>Consequently, there is a contingent liability for the above amounts which have not been recognized as liability in anticipation of consequential relief will be granted in favor of the Company in the previous and subsequent years. However we have enough tax provision to cover the above amount, if any liability arises in future.</p>		
17.2 Other Commitments		
<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	360,958,548	448,325,383
Bank borrowing commitments outstanding	-	-
17.3 Capital expenditure commitments		
a) Contracted and incurred but not provided for in the accounts	-	-
b) Approved by the Board but not contracted for	-	-
17.4 Unacknowledged debts		
<p>The Company had no claim, legal or other against it, which has not been acknowledged as debt at the balance sheet date.</p>		
	2012-2013 Taka	2011-2012 Taka
18 Interest income		
Interest on loans	3,771,784,000	3,129,371,154
Interest on placement with other banks & BB FX deposits	485,096,097	133,571,408
Interest on short term investment	75,108,070	195,446,236
	4,331,988,167	3,458,388,798

	2012-2013 Taka	2011-2012 Taka
19 Interest on deposits and borrowing		
Interest on term loans	638,327,967	587,793,456
Interest on deposits	2,361,379,606	1,851,101,969
Interest on short-term borrowing	23,774,248	6,664,097
Interest on non-convertible zero coupon bond	4,972,455	12,370,855
Interest on overdraft	8,271,920	17,402,337
Interest on finance lease	250,910	446,550
	<u>3,036,977,106</u>	<u>2,475,779,264</u>
20 Income from investments		
Gain/(loss) on sale of marketable securities	(14,636,353)	(23,462,973)
Dividend income	607,564	35,819,793
Interest on Orascom Telecom Bond	16,425,000	21,960,000
	<u>2,396,211</u>	<u>34,316,820</u>
21 Commission, exchange and brokerage		
Loan fees	52,134,249	57,779,352
Other charges and fees	38,729,420	34,264,272
	<u>90,863,669</u>	<u>92,043,624</u>
22 Other operating income		
Property service income	1,249,412	1,261,634
Gain on sale of fixed assets	1,070,630	1,007,165
Grant from IFC	15,566,200	12,268,825
Miscellaneous income	10,376,827	5,140,076
	<u>28,263,069</u>	<u>19,677,700</u>
23 Salary and allowances	<u>176,007,930</u>	<u>161,239,001</u>
Salary and allowances include annual contribution of Tk. 5,762,728 (2011-12: Tk.5,297,738) to provident fund and Tk. 9,877,360 (2011-12: Tk. 7,614,332) to gratuity fund.		
24 Rent, taxes, insurance, electricity, etc		
Rent, rates & taxes	24,979,902	24,173,171
Insurance	2,113,866	1,376,460
Electricity	3,855,799	3,111,856
Water	358,904	356,818
	<u>31,308,471</u>	<u>29,018,305</u>
25 Legal and professional expenses		
Law charges	1,017,312	472,425
Other professional charges	671,025	515,041
	<u>1,688,337</u>	<u>987,466</u>
26 Postage, stamps, telecommunication, etc.		
Postage & courier service	1,012,643	953,655
Stamp expenses	2,280,677	1,606,538
Telephone & internet	2,881,257	3,080,838
	<u>6,174,577</u>	<u>5,641,031</u>
27 Stationery, printing, advertisements, etc.		
Printing	2,753,032	2,742,298
Stationery	1,175,750	1,432,472
Publicity and advertisement	3,548,188	979,244
	<u>7,476,970</u>	<u>5,154,014</u>

	2012-2013 Taka	2011-2012 Taka
28 Directors' fees and expenses		
Honorium for attending meeting	220,000	235,000
Incidental expense for attending meeting	528,296	243,283
	<u>748,296</u>	<u>478,283</u>
29 Auditors' fees		
Statutory annual audit fees (including VAT)	230,000	218,500
	<u>230,000</u>	<u>218,500</u>
30 Depreciation, repairs & maintenance		
Freehold assets	12,512,713	11,848,139
Leasehold assets	1,285,564	1,727,746
Intangible assets	159,498	159,497
	<u>13,957,775</u>	<u>13,735,382</u>
Repairs & Maintenance		
Vehicle	996,930	1,481,305
Office equipment & premises	3,600,580	3,230,503
Computer hardware & software	2,380,843	2,060,695
	<u>6,978,353</u>	<u>6,772,503</u>
	<u>20,936,128</u>	<u>20,507,885</u>
31 Other expenses		
Staff training & recruitment expense	4,400,912	1,151,046
Office security	1,791,667	1,495,616
Transportation, traveling & conveyance	9,297,360	8,565,741
Canteen expense	2,450,816	1,488,854
Business promotion & entertainment	435,661	507,780
Car fuel	1,864,941	1,544,695
Books and papers	87,925	98,945
Bank charges	2,248,074	1,696,817
Subscription and Fees	2,738,129	5,603,746
Public relation & AGM expense	527,949	326,208
Outsource agency charges	3,411,555	2,875,780
Donation to Prime Ministers Fund	500,000	-
	<u>29,754,989</u>	<u>25,355,228</u>
	June 30, 2013 Taka	June 30, 2012 Taka
32 Retained earnings		
Balance as on July 01	270,797,274	301,965,518
Prior year adjustment	364,511	-
	<u>271,161,785</u>	<u>301,965,518</u>
Add: Profit after tax for the year transferred from Profit & Loss Account	528,483,165	404,242,819
Accumulated profit available for distribution	<u>799,644,950</u>	<u>706,208,337</u>
Less: Appropriations		
Transferred to statutory reserve	105,696,633	80,848,563
Transferred to contingency reserve	80,000,000	30,000,000
Transferred to dividend equalization reserve	30,000,000	30,000,000
Dividend on preference share	10,000,000	10,000,000
Cash dividend paid for last year	100,912,500	-
Issue of bonus shares for previous year	151,368,750	284,562,500
	<u>477,977,883</u>	<u>435,411,063</u>
Balance as on June 30	<u>321,667,067</u>	<u>270,797,274</u>

	2012-2013 Taka	2011-2012 Taka
33 Earnings Per Share		
Profit after Tax	528,483,165	404,242,819
Less: Preference share dividend	10,000,000	10,000,000
Profit available for ordinary shareholders	518,483,165	394,242,819
Number of shares outstanding for calculating basic EPS	116,049,375	116,049,375
Basic earnings per share(restated)	4.47	3.40

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

34 Dividend on Preference Shares

A dividend of Tk. 25,000 (2011-2012 :Tk. 25,000) per preference share of Tk.100 each amounting to Tk 10,000,000 is payable during the year under audit.

35 Dividend on ordinary shares

a) Proposed dividend:

The Board of Directors in its 74th meeting held on September 12, 2013 has recommended cash dividend @25% i.e. Taka 2.50 per ordinary share for the year ended 30 June 2013 for placement before the shareholders for approval at 17th AGM of the company.

b) Dividend to non -resident shareholders:

The Company's non resident shareholders as on 30 June 2013 include two foreign investors (International Finance Corporation and HDFC Investments Ltd, India) holding total 28,367,602 shares (2011-12 :24,667,480). The shareholders in its 16th AGM approved 10% cash and 15% stock dividend for the year ended 30 June 2012. Accordingly 3,700,122 bonus shares amounting to Tk.37,001,220 were issued and cash dividend Tk. 24,667,480 remitted duly to non resident shareholders during the year under review.

36 Foreign currency inward/outward remittance

Name of the Organization	Currency	Particulars	Amount in FC	Amount in Tk.
<u>Outward Remittance</u>				
FMO	BDT	Principal		258,499,999
FMO	BDT	Interest		293,889,520
Triodos	BDT	Principal		-
Triodos	BDT	Interest		33,001,909
Singapore Institute of Management	SGD	Membership & training fees	7,310.50	490,516
UNI- Strategic pte. Ltd.	SGD	Training fees	2,875.50	197,407
HDFC Ltd	USD	Training	3,876.00	317,057
<u>Inward remittance</u>				
International Finance Corporation (IFC)	USD	Grant	194,000.00	15,566,200

37 Related party transactions

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

Name of the related parties	Relationship	Particulars	Expenses incurred during the year Taka
Delta Life Insurance Company Limited	Shareholder	Insurance premium	1,099,662
Green Delta Insurance Company Limited	Do	Insurance premium	1,056,086

Name of the related parties	Relationship	Particulars	Received during the year Taka
International Finance Corporation (IFC)	Shareholder	Grant	15,566,200

38 Number of Employees

During the year under audit, there were 159 (2011-2012: 149) employees employed for the full period and 37 (2011-2012:32) employees for less than full period at a remuneration of Taka 3,000 and above per month.

39. General Disclosure

39.1 Name of Directors and entities in which they have interest as Director as at 30 June 2013:

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. (Rumeel) Ali	Director	BRAC Bank Ltd.	Director
		BRAC EPL Investments Ltd	Chairman
		BRAC EPL Stock Brokerage Ltd.	Chairman
		bKash Ltd	Chairman
		BRAC Saajan Exchange Ltd	Chairman
		BRACNet	Director
		BRAC Impact Venture Limited	Chairman
		BRAC Environmental Enterprise Limited	Chairman
		BRAC Foundation	Member
		BRAC Industries Limited	Managing Director
		BRAC Services Ltd.	Chairman
		BRAC IT Services Limited	Chairman
		Bangladesh Netting Factory Ltd.	Chairman
		BRAC Karnafuli Tea Co. Ltd.	Managing Director
		BRAC Kaiyacherra Tea Co. Ltd.	Managing Director
		BRAC Banshkhali Tea Co. Ltd.	Managing Director
		BRAC Kodala Tea Co. Ltd.	Managing Director
		Stichting BRAC International	Director
		BRAC International Holdings BV	Director
		Nanda Investments and Finance Plc	Chairman
		BRAC Sri Lanka (NGO)	Director
		BRAC Lanka Investment (Private) Ltd.	Chairman
		BRAC Tanzania (NGO)	Director
BRAC Social Business Enterprise Limited (Tanzania)	Chairman		
Mr. Nasir A. Choudhury	Director	Green Delta Insurance Company Ltd.	Advisor
		Nascom (Pvt.) Ltd.	Managing Director
		Progressive Life Insurance Co. Ltd.	Director (Representing GDIC)
		United Hospital (Pvt) Ltd	Director (Representing GDIC)
		Green Delta Securities Ltd.	Chairman (Representing GDIC)
Green Delta Capital Ltd.	Chairman (Representing GDIC)		
Mr. A Z Mohammad Hossain	Director	Chandra Spinning Mills Ltd	Managing Director
Mr. Rajeev Sardana	Director	HDFC Investments Ltd.	Senior GM, Eastern Region India
Ms. Mehreen Hassan, Bar-at-Law	Director	Nil	Nil
Mr. Swapan Kumar Sarkar	Director	Delta Life Insurance Company Ltd.	Managing Director (Incharge)
		DLIC Securities Ltd.	Chairman
Mr. Mahibul Islam Chowdhury	Independent Director	Prime Finance & Investment Ltd.	Independent Director
		Rajdhani Mohila College	Chairman, Managing Committee
Ms. Syeda Rizwana Hasan	Independent Director	Bangladesh Environmental Lawyers Association (BELA)	Chief Executive
		Rangpur Dinajpur Rural Services (RDRS)	Chairperson
		Federation of NGOs in Bangladesh	Member, Board
		NGO Forum on Ship Breaking	Member, Executive Board
		SANDEE	Member, Board

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. Mahibul Islam Chowdhury	Independent Director	Chairman	MA
Mr. Faruq A. Choudhury	Chairman	Member	MA
Mr. Nasir A. Choudhury	Director	Member	MA
Mr. A Z Mohammad Hossain	Director	Member	L.L.B
Ms. Mehreen Hassan	Director	Member	Bar -at- law

During the period from July 2012 to June 2013, the audit committee of the Board conducted 4 (four) meetings.

SI No.	Meeting No.	Meeting Date
1	18th	18-Aug-12
2	19th	3-Oct-12
3	20th	27-Jan-13
4	21st	25-Apr-13

The Committee discussed, among others, the following issues:

Review of Internal Compliance Report.

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

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 re-arranged whenever considered necessary to conform to current year's presentation.

Schedule of Fixed assets and Intangible assets

Annexure-A

Amount in Taka

Particulars	Cost			Depreciation/Amortization				Written down value at 30 June 2013	
	Balance as at 1 July 2012	Additions during the year	Disposals during the year	Balance as at 30 June 2013	Balance as at 1 July 2012	Charged for the year	Adjustment on disposals		Balance as at 30 June 2013
Free hold assets:									
Furniture & fixture	35,024,251	3,566,812	-	38,591,063	23,207,133	3,836,490	-	27,043,623	11,547,440
Equipment	44,672,789	2,780,681	200,429	47,253,041	28,408,066	5,967,415	179,981	34,195,500	13,057,541
Vehicles	16,709,226	180,960	2,660,000	14,230,186	8,567,276	2,591,114	2,659,999	8,498,391	5,731,795
Building	4,785,450	-	-	4,785,450	1,509,626	117,694	-	1,627,320	3,158,130
Land	1,143,750	-	-	1,143,750	-	-	-	-	1,143,750
	102,335,466	6,528,453	2,860,429	106,003,490	61,692,101	12,512,713	2,839,980	71,364,834	34,638,656
Lease hold assets:									
Motor vehicle	6,600,000	-	-	6,600,000	4,243,129	1,285,564	-	5,528,693	1,071,307
Intangible asset									
Software	1,160,195	-	340,100	820,095	861,638	159,498	340,095	681,041	139,054
Total 2013	110,095,661	6,528,453	3,200,529	113,423,585	66,796,868	13,957,775	3,180,075	77,574,568	35,849,017
Total 2012	98,369,666	16,381,242	4,655,247	110,095,661	57,605,550	13,735,382	4,544,064	66,796,868	43,298,793



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
Dhaka-1212, Bangladesh
Web: www.deltabrac.com
E-mail: dbh@deltabrac.com

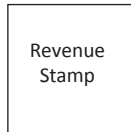
Proxy Form

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 17th Annual General Meeting of the Company to be held on
December 4, 2013 (Wednesday) and any adjournment thereof.

Signed this day of 2013.

Signature

Name
(Member)



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
Dhaka-1212, Bangladesh
Web: www.deltabrac.com
E-mail: dbh@deltabrac.com

Attendance Slip

I/We hereby record my/our attendance at the 17th Annual General Meeting of Delta Brac Housing Finance Corporation Limited at **La Vita Hall of Lakeshore Hotel & Apartments, Road- 41, House- 46, Gulshan-2, Dhaka-1212** as a holder of shares of the Company.

Signature

Name
(Member/Proxy)

Folio/BO ID No.

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