

annual report 2009-2010



Delta Brac Housing Finance Corporation Limited

Highest Rated Financial Institution in Bangladesh-DBH



* Delta Brac Housing Finance Corporation Ltd. (DBH) has been awarded Triple A (AAA) credit rating consecutively from 2006 to 2010 by the Credit Rating Agency of Bangladesh Ltd.



**annual report
2009-2010**



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Notice of the 14th Annual General Meeting

Notice is hereby given that the 14th Annual General Meeting of the Shareholders of the Company will be held on December 8, 2010 (Wednesday) at 11.00 a.m. at Spectra Convention Centre, House # 19, Road # 7, Gulshan- 1, Dhaka to transact the following business:

Agenda:

1. Consideration and adoption of Directors' Report, Audited Financial Statements for the year ended June 30, 2010 and the Auditors' Report thereon.
2. Declaration of dividend for the year ended June 30, 2010.
3. Appointment / Re-appointment of Directors.
4. Appointment of Auditors and fixation of their remuneration.

By order of the Board

Sd/-

S.H. Aslam Habib
Company Secretary

Notes:

- a. The Record Date of the Company was on 10th October 2010 and the name of Shareholders in the Register of Members on the Record Date will be eligible to attend the meeting and qualify for 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 not be treated as valid.

Core Purpose

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

Core Values

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

Corporate Directory

Head Office

Landmark Building
12-14 Gulshan North C/A, Gulshan-2, Dhaka-1212
Phone: +880 (2) 882 2374, + 880 (2) 988 2112
Fax: + 880 (2) 988 2110

Branch Offices:

Motijheel Office

PICL Bhaban (Ground floor)
36, Dilkusha C/A, Dhaka-1000
Phone: +880 (2) 711 1774
Fax: + 880 (2) 955 4269

Dhanmondi Office

Panthaplaza (1st floor)
63/A Lake Circus, Kalabagan
(West Panthapath), Dhaka-1205
Phone : +880 (2) 813 0906
Fax: +880 (2) 811 7264

Uttara Office

House # 79/A (3rd floor)
Road # 07, Sector # 04
Uttara Model Town, Dhaka-1230
Phone: +880 (2) 893 3057
Fax: +880 (2) 895 8605

Chittagong Office

BMA Bhaban (5th floor)
1367, CDA Avenue
GEC Circle, Chittagong
Phone: +880 (31) 255 1224-6
Fax: 88-31-2551227

Sylhet Office

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

Bankers

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

Auditors

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

Corporate Web Site

www.deltabrac.com



Profile of the Board of Directors



Mr. Faruq A Choudhury

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

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

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

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

He has been a Director of DBH since its inception.



Mr. Mohammad Aminul Alam

* Mr. Mohammad Aminul Alam had a Masters degree in Physics from the University of Dhaka, Bangladesh. He had spent most of his career at BRAC and was extensively involved in the micro-finance and rural development projects, the implementation of the BRAC Textile Project and Dairy Project. He was recognised as an expert in micro-credit and rural development. Before he sadly passed away, Mr. Alam had been working as the Executive Director, BRAC International Programme.

He had been a Director of DBH since December 23, 2001.

* Mr. Mohammad Aminul Alam passed away on October 03, 2010.



Mr. Muhammad A. (Rume) Ali

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

Mr. Ali is the Chairman of BRAC Bank Limited, BRAC EPL Investments Limited, BRAC EPL Stockbrokerage Limited, b-Kash Limited and Documenta Limited and is a member of the boards of several organizations including International Chamber of Commerce, Bangladesh. He is also a member of Global Steering Committee of the 'Performance Based Grants Initiative' of the International Finance Corporation and the Technical Advisory Committee of Bangladesh Investment Climate Fund. At present, he is the Vice Chairman of Bangladesh Association of Banks and Vice President of Bangladesh Employers Federation.

He received a number of awards including C. R. Das Research Council Gold Medal for 'Banker of the year-1995', Atish Dipanker Award for Banking-2000, 'CEO of the Year -2000' by Junior Chamber International, Bangladesh and Sorjini 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 since March 20, 2007.



Dr. Syed Mukarram Ali

Dr. Syed Mukarram Ali is a Professor of Pathology, and did his M.B.B.S from University of Dhaka, M.Phil University of Karachi, DCP University of London, completed FRCPath. from Royal College of Pathologists, London and DPath. from Royal College of Physicians & Surgeons, London. He is honorary Fellow of Bangladesh College of Physicians & Surgeons. Dr. Ali has worked in Bangladesh, UK and Kuwait during his long and distinguished medical career. He is an active member of International Academy of Pathology (Brit. Division) & Association of Clinical Pathology (UK), and a former president of the Bangladesh Society of Pathologists. He is presently the Chairman & Managing Director of Delta Medical College & Hospital. He is also a sponsor Director of Delta Life Insurance Company Ltd.

He has been a Director of DBH since its inception.



Mr. Nasir A. Choudhury

Mr. Nasir A. Choudhury, Managing Director and Chief Executive Officer of Green Delta Insurance Company Limited has been in the insurance profession for over the last 50 years. For his outstanding contribution towards the development of the insurance industry in Bangladesh, Mr. Nasir A. Choudhury recently received the life time achievement award by DHL and the Daily Star under Bangladesh Business Award-2009.

After obtaining his Masters Degree from the University of Dhaka, he started his career in Karachi in the then Pakistan Insurance Corporation in 1958. Mr. Choudhury received advanced training in insurance and reinsurance from UK and Germany during 1961 and 1962. After liberation of Bangladesh, he was responsible for arranging reinsurance for the newly established Bangladesh Insurance Corporation and subsequently for Sadharan Bima Corporation as General Manager.

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

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

He has been a Director of DBH since its inception.



Dr. Kabir Hussain Choudhury

Dr. Kabir Hussain Choudhury is a Doctorate of Pharmacy and holds a Masters degree in Pharmacy from Manchester University, UK. He attained professional course CChem MRSC and FCS from London. Dr. Choudhury held several important positions within the Ministry of Education, East Africa, and Ministry of Health, Kuwait. Presently, he is a Director of Green Delta Insurance Company Ltd. He is also a visiting professor in various universities at home and abroad.

He has been a Director of DBH since December 9, 2007.



Mr. Nurul Huda

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

He has been a Director of DBH since December 12, 2008.



Mr. Mohammed Syedul Islam

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

He has been a Director of DBH since October 16, 2005.



Mr. Pradeep Kumar Mukherjee

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

He has been a Director of DBH since April 8, 2002.



Mr. Quazi Mohammad Shariful Ala

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

Mr. Ala graduated with a BSc (Economics) first class honours degree from the London School of Economics (LSE), University of London. He worked in the London office of Price Waterhouse and qualified as a member of the Institute of Chartered Accountants in England & Wales in 1984. He is also a member of the Institute of Chartered Accountants of Bangladesh. He has more than 25 years of corporate management experience primarily in the financial services sector both in Bangladesh and in the United Kingdom.

He is also a non-executive Director on the Boards of several prominent companies, including BRAC Bank Limited and Mobil Jamuna Lubricants Limited.

Mr. Ala has led the executive management team of DBH as the Managing Director and CEO, since July 1, 1997.

Board Committees

Executive Committee

* **Mr. Mohammad Aminul Alam**
Chairman

Mr. Muhammad A. (Rume) Ali

Dr. Kabir Hussain Choudhury

Mr. Nurul Huda

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

* Mr. Mohammad Aminul Alam passed away on October 03, 2010.

Audit Committee

Mr. Nasir A. Choudhury
Chairman

Dr. Syed Mukarram Ali

Mr. Faruq A Choudhury

Mr. Mohammed Syedul Islam

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

Management & Executives



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



Mr. S.H. Aslam Habib
Chief Financial Officer and
Company Secretary



Mr. Hassan I. Yussouf
Head of IT



Mr. Tanvir Ahmad
Head of Human Resources



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



Mr. Nasimul Baten
Head of Home Loans



Mr. Saiyaf Ejaz
Head of Recovery &
Administration



Mr. Syed Aminul Islam
Financial Controller



Mr. Ashfakul Islam
Senior Manager - IT



Mr. Zakaria Eusuf
Senior Manager-
Head Office Loan Operations



Mr. Dominic D' Cruze
Head of Marketing &
Customer Management



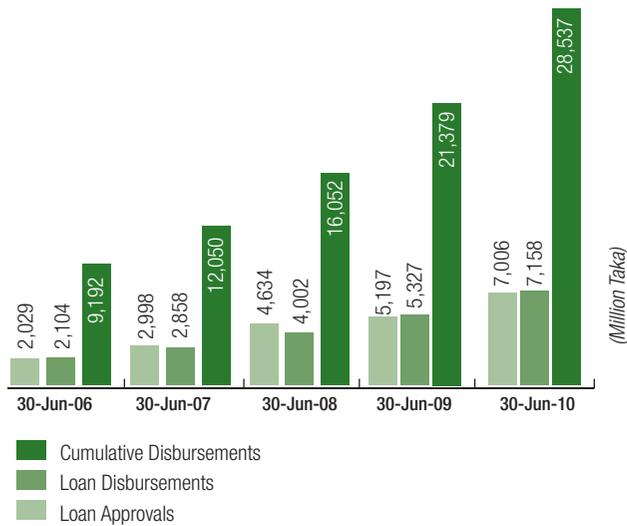
Mr. Sajjad Haider
Head of Deposits



Operational Highlights

(Million Taka)

	30-Jun-06	30-Jun-07	30-Jun-08	30-Jun-09	30-Jun-10
Loan Approvals	2,029	2,998	4,634	5,197	7,006
Loan Disbursements	2,104	2,858	4,002	5,327	7,158
Cumulative Disbursements	9,192	12,050	16,052	21,379	28,537



Financial Highlights

As Per Central Bank Rules

(Million Taka)

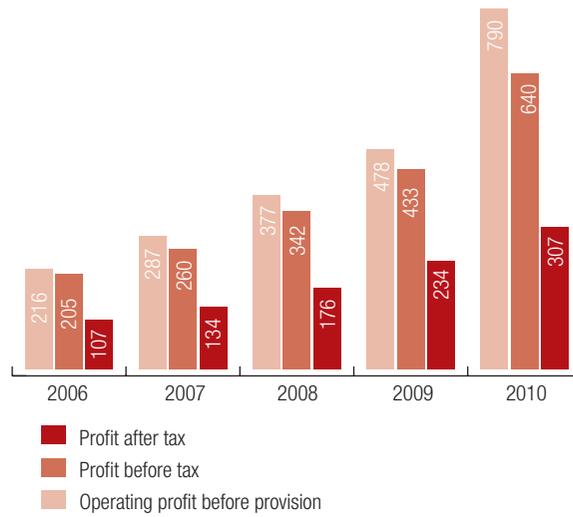
	30-Jun-10	30-Jun-09
Paid up Capital	403.69	351.04
Total Capital	1,305	1,067
Capital Surplus/(Deficit)	1,055	817
Total Assets	22,049	16,386
Total Deposits **	13,454	10,559
Total Loans & Advances	18,063	13,551
Total Contingent Liabilities and Commitments	417	580
Credit Deposit Ratio (times)	1.34	1.28
Percentage of Classified Loans against total loans and advances	0.04%	0.06%
Profit after Tax & Provision	307	234
Amount of Classified Loans during current year	6.80	8.27
Provision kept against Classified Loans	6.80	8.27
Provision Surplus/ Deficit	174.92	82.81
Cost of Fund	9.55%	12.07%
Interest Earning Assets	20,670	15,915
Non Interest Earning Assets	1,379	470
Return on Investment (ROI)	53.98%	45.34%
Return on Asset (ROA)	3.33%	3.16%
Income from Investment	161	4
Earning per Share	74	55*
Net Income per Share	74	64
Price Earning Ratio	31	29

* Reinstated Figure

** Deposit figure includes interest payable on deposit of Taka 823.64 million and Taka 713.88 million respectively for the year 2010 and 2009.

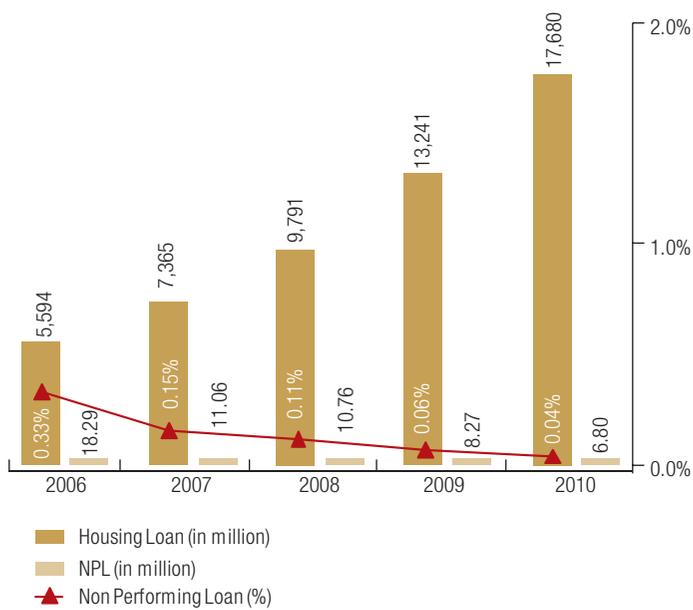
Profit

(Million Taka)

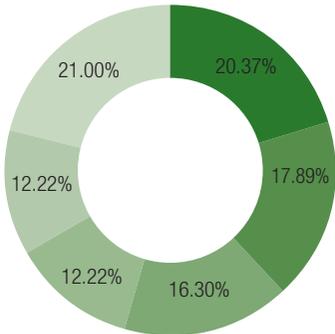


Home Loan Portfolio and Performance

(Million Taka)

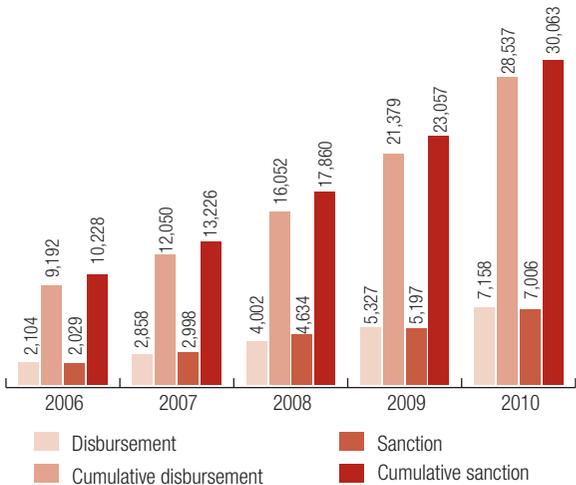


Shareholding Pattern

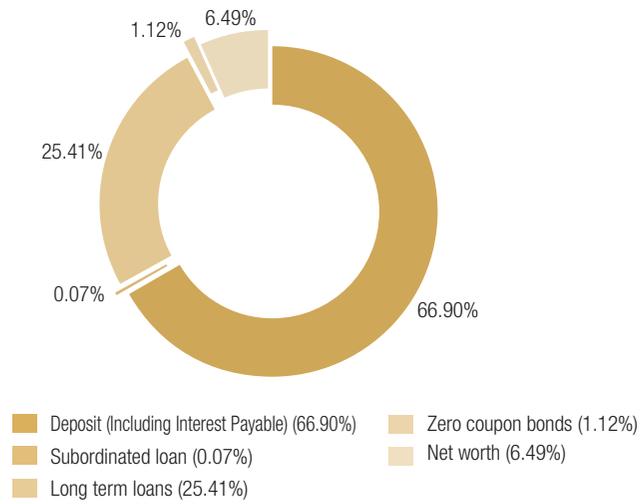


- BRAC (20.37%)
- Delta Life Insurance Company Ltd. (17.89%)
- Green Delta Insurance Company Ltd. (16.30%)
- IFC (12.22%)
- HDFC Investments Ltd. (12.22%)
- General shareholders (21.00%)

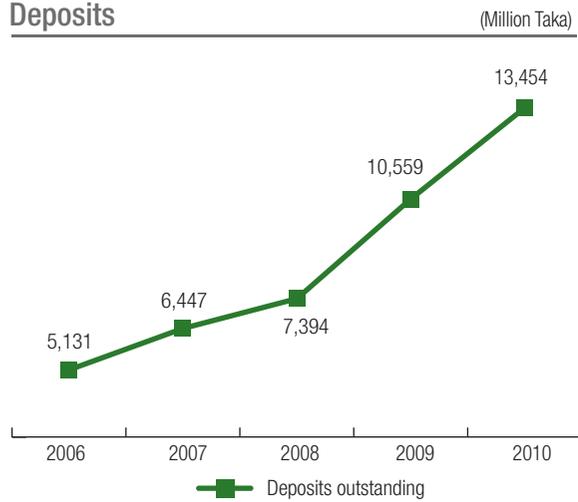
Sanction and Disbursement (Million Taka)



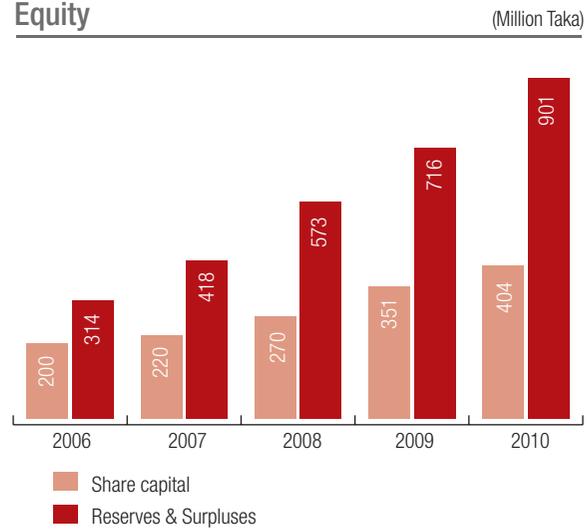
Funds Employed



Deposits



Equity





Message from the Chairman

It is a great pleasure for me to welcome you all to the 14th Annual General Meeting (AGM) of the Company. This is the third statement since listing the Delta Brac Housing Finance Corporation Ltd. (DBH) with the stock exchanges in April 2008. At the outset, on behalf of the Board of Directors, I express my thanks and heartfelt gratitude to you all for the support and cooperation you extended to our endeavors to make the Company as the country's largest housing finance institution in the private sector.

Bangladesh economy has sustained growth momentum in the last fiscal year (2009-2010) amid global economic downturn and financial crisis. A good domestic crop harvest together with moderate export growth and sustained high level remittance flow helped the economy to attain a near 6 percent growth rate during the fiscal.

I am pleased to announce that DBH has continued its success this year also. We have achieved healthy growth in all the areas of our operation. DBH could increase the loan portfolio to Tk. 1,806 crores at the end of 2010. You will be happy to know that DBH is the only financial institution to have received highest credit rating of 'AAA' (Triple A) for four consecutive times among all Banks and Financial Institutions of Bangladesh. Presently, DBH has funds under management in excess of Tk. 3,031 crores and remained the market leader in terms of retail home loan disbursements during the recent years. Our earnings per share have increased by 34.5 per cent. The quality of our assets continues to be strong with non-performing loans remaining below 0.04 percent.

Since its inception DBH is committed to the goal of increasing home ownership in the country. During the last one decade and more the Company contributed substantially to enhance the home ownership levels especially of the middle and lower-middle income population. The Company strives continually to ensure quality service to the clients by anticipating their needs and provide effective and innovative solutions.

Our Company's foundation is built on our values, which guide our actions. We conduct our business socially in a responsible and ethical manner. The high ethical standards, professionalism, commitment and excellent teamwork demonstrated by every member of DBH family over the years have been remarkable. I believe that the achievements are the result of the efficiency, competency and diligence of employees and business partners.

I thank all my colleagues of the Board of Directors for their guidance, support and leadership and convey my sincere appreciation to the Management and Staff of DBH. I am also thankful to the Bangladesh Bank and Securities & Exchange Commission (SEC), Registrar of Joint Stock Companies and Firms and the DSE & CSE for their support and encouragement. We look forward to another year of achievement with hope and confidence.



Faruq A Choudhury
Chairman

Directors' Report

Dear Shareholders,

The Directors of Delta Brac Housing Finance Corporation Ltd. have the pleasure in presenting the Directors' Report of your Company together with audited accounts for the year ended 30th June 2010.

At the outset, your Directors express their most profound grief and sorrow at the irreplaceable loss of the death of Mr. Mohammad Aminul Alam, one of the Directors of Delta Brac Housing Finance Corporation Ltd., on October 03, 2010.

We recall with sincere gratitude the invaluable services rendered by him to the development of the Company. His outstanding leadership was characterized by unqualified commitment and support to the growth of the Company. We pray to Almighty Allah for the eternal peace of his departed soul and extend our deepest condolence to the bereaved family. May Allah grant them the strength and fortitude to bear this irreparable loss.

BANGLADESH ECONOMY

For the first time, the Government of People's Republic of Bangladesh obtained sovereign credit ratings from the two internationally reputed credit rating agencies. Moody's sovereign credit rating of Ba3 with stable outlook is in line with S&P's sovereign rating of BB-/stable announced earlier. The sovereign credit ratings would give an assessment of the government's ability and willingness to repay its local and foreign currency debts.

Both the rating agencies have given relatively high score to Bangladesh compared to other emerging market countries because of its continued

macroeconomic stability on back of prudent macro-economic policy setting and microeconomic reforms. Both agencies highlighted Bangladesh's strong and stable economic growth over the past decade.

Respectable growth in the Gross Domestic Product (GDP) amid the global meltdown augmented the achievement. The government has projected a 6.0% GDP growth rate for the current fiscal year. The International Monetary Fund (IMF) forecasts GDP of Bangladesh in the current fiscal year to grow by 5.5%, which is 0.5 percentage point lower than the government projection.

Despite the recession in the global economy and decline in the manpower export Bangladesh remains resilient for the higher inflow of remittance during this fiscal. The growth is being attributed to an increased use of legal channels in sending remittances. The overseas employment of Bangladeshi workers grew at its lowest level in 4 years in the first six months of 2010 as intake of labor was very low in traditional major employment generating countries. However, surprisingly remittances from expatriate workers remained strong with remittance of \$11b in FY2009-10, the figure being 13.25% higher than that of the previous fiscal year.

Decline in the growth of overall export has lowered industrial growth. The country's export grew at a rate of 4.11% only as against the growth rate of 10.31% in the last fiscal year. Energy crisis also blocked path of industrial development. Agro sector also could not contribute much. The service sector retained impressive performance with the help of remittance inflow and implementation of new pay scale. Imports, on the other hand, had a modest growth of 5.47% in FY2009-10 as against the import growth of 15.58% in the year 2008-09. The

country's import declined due mainly to two reasons: first, fall in international prices especially oil and food commodities resulting from good harvest; and second, decline in import volume for lesser demand for machines in the garments industry resulted from the global economic crisis. The decline in import of capital machineries indicates slowing down of new investment in the economy, especially in the manufacturing sector.

Inflation in the economy showed upward trend in FY 2009-10. Inflation had been climbing persistently from July to February and reached 9.06% in February last, however, timely and prudent measures by the central bank helped bring it down. Average inflation in the year end 2009-10 i.e as on June 30, 2010 is 7.31 % as against 6.66% in the corresponding period of the previous year. One of the main reasons identified for rising inflation was the rise in private sector loans, a considerable amount of which had gone into consumer loans. Increase in the pay scale of public servants, sustained bullish trend in the stock market, increase in inflow of remittance, increase in disposable income in the rural areas and the government's stimulus package, all had been credited with adding to inflation in the last fiscal.

Dhaka stocks on June 30, 2010 finished a buoyant financial year with the DSE general index grew by over 100% in 2009-10 fiscal. The general index of Dhaka Stock Exchange advanced by 3,143.41 points or 104.42% in last one year from 3,010.26 points on June 30, 2009. The benchmark index reached its all-time high of 6,332.68 on June 13, 2010.

PERFORMANCE OF FINANCIAL SECTOR IN 2009-2010

An analysis of trends of the credit to private

sector by banks showed that bank lending toward productive purposes increased substantially due to central bank's directives to increase lending in the productive sectors e.g. agriculture, SME sector and other industry and service sectors.

The disbursement of term lending by banks and NBFIs increased by 46.84% and stood at Tk. 62.13 billion during Q3FY10, which was Tk.42.31 billion during the same period of the preceding year.

Besides, in order to contain inflationary build up, Bangladesh Bank raised its policy instruments CRR and SLR, both by 50 basis points, which stood at 5.5%, and 18.5% respectively (w.e.f. May 15, 2010) of all scheduled banks except for Islami banks and specialized banks. The SLR for all Islamic banks rose to 10.50% to curb inflationary pressures on the economy.

Most of the indicators described gradual improvement of overall banking sector performance over recent past as a consequence of various regulatory and supervisory measures initiated by Bangladesh Bank for banks and financial institutions. At the end of December (Q2FY10), gross Non Performing Loans (NPLs) as percentage of total loans for all banks declined which is a major factor reflecting improvement in profitability of banks. On the other hand, the net NPL ratios improved for all bank groups in Q2FY10, reflecting improvement in provision adequacy.

Among the profitability measures, overall ROA noticeably increased from 1.16% to 1.37% in the end of December 2009 (Q2FY10) compared to the end of June 2009. The Foreign Commercial Banks (FCBs) and Private Commercial Banks (PCBs) were

the main contributors as ROA increased from 2.94% in Q1FY10 to 3.18% in Q2FY10 for FCBs and from 1.37% to 1.55% for PCBs.

To help the banks boost their capital base in line with the requirements of Basel-II, BB has made guideline for issuing perpetual subordinated debt as a component of Regulatory Capital, which will be treated as a supplementary capital, known as tier-2 (must have a maturity period of more than five years) or additional supplementary capital, known as tier-3 (at least two years maturity). Overall capital to risk-weighted asset ratio (RWCAR) for all banks in aggregate remained same at 11.7% in December 2009 (Q2FY10). Capital adequacy of the State owned Commercial Banks (SCBs) and Specialised Banks (SBs) remained below the minimum regulatory requirement of 10% despite RWCAR for SBs improved with upward trend.

To meet the growing needs of different types of investment the non-bank financial institutions (NBFIs) have been contributing toward increasing both the quality and quantity of financial services and filling up the gaps of the existing financial intermediation. At present, 29 NBFIs are operating their business across the country. NBFIs started their journey with the lease financing as their core product and gradually embracing the diversification in the business operation and expanding their lines of business like; term lending, housing finance, merchant banking, equity financing, factoring, credit card operation, stock broking etc. The NBFIs are marking strong footstep in the capital market operations namely stock broking, merchant banking, own portfolio management, equity financing etc. The profit of the NBFIs has a remarkable growth in the 2nd half of the FY i.e. during January through June 2010 mainly due to their stock market operation and the diversified operations. According to the half-yearly reports of the publicly listed non-banking

financial institutions (NBFIs) the net profit is Tk. 4.5 billion up from Tk 1.7 billion in the same period a year ago (Source: The Financial Express: August 16, 2010). The central bank took the latest move to consolidate the capital base of the country's NBFIs in line with the Basel-II framework by the end of 2010.

HIGHLIGHTS ON FINANCIAL PERFORMANCE

FY 2009-10 has been another successful year for DBH. During this year DBH has not only maintained but also enhanced the upward trend of its major financial indicators. The comparatives of the year on year performance of the Company for twelve-month period to June 30, 2010 are presented as below:

Particulars	30-Jun-10	30-Jun-09	Growth
	(Million Taka)		%
Operating Revenue	2,582.61	1,951.82	32%
Interest Expenses	1,545.86	1,302.62	19%
Operating Expenses	246.01	170.78	44%
Profit before Provisions	790.73	478.41	65%
Profit before Tax	639.99	432.96	48%

The increased profitability of the company can be seen in the growth of profit figures. At the close of June 30, 2010 profit before provision has grown by 65% over the previous year and reached Taka 790.73 million. Moreover, the profit before tax figure has grown by 48% and touched Taka 600 million mark.

Operating revenue of the Company increased by 32% over the last year's figure of Taka 1,951.82 million to Taka 2,582.61 million in the twelve months of FY 2009-10. During the FY 2009-10 interest income has grown at the rate of 24% from the previous year. However the income from investment has experienced a significant rise this year and contributed around 6% of the total operating revenue.

Net interest income of the Company has exceeded the corresponding figure of last year at the rate of 36%. As a result, the net interest income stood at Taka 763.68 million compared to last year's figure of Taka 561.94 million.

DIVIDEND

Your Company has earned a net profit after tax of TK. 307.35 million as against TK. 233.89 million in the previous year. Your Directors recommend stock dividend @ 25% i.e. 1 (one) bonus shares for every 4 (four) ordinary shares held and cash dividend @ 10% on 4,036,500 ordinary shares for the year ended 30th June, 2010 as against stock dividend @ 15% and cash dividend @ 17% in the previous year on 3,510,000 ordinary shares. The financial results of the Company and the appropriation of profit for the year 2009-10 are summarized below:

	2009-2010 (Million Taka)
Net profit before tax	639.99
Income tax	332.64
Profit after tax	307.35
Retained earnings brought forward	123.03
Profit available for appropriation	430.38
Transferred to statutory reserve	61.47
Transferred to contingency reserve	60.00
Transferred to dividend equalisation reserve	15.00
Dividend on preference share	10.00
Dividend paid for previous year	59.67
Issue of bonus shares for previous year	52.65
Retained Earning carried forward	171.59

HOME LOAN OPERATIONAL PERFORMANCE

The financial year 2009-10 has been a year where DBH has successfully retained its market leadership

even in the face of severe competition from existing players and new entrants in the market. Even under such circumstances DBH has led the industry without having to compromise with its high credit standards. As a result, the NPL (non performing loan) percentage of the home loan portfolio has reduced to 0.04% in June 30, 2010 from 0.06% in June 30, 2009.

During the year, DBH's home loan portfolio experienced a 34% rise to Taka 17,680 million from around Taka 13,241 million in the previous year. Total approvals during the year stood at Taka 7,006 million as against Taka 5,197 million in the previous year, representing a growth of 35%. Loan disbursements during the year were Taka 7,158 million against Taka 5,327 million in the previous year representing a growth of 34%.

DBH has extended its lead in disbursing loans under the Bangladesh Bank Housing Loan Refinance Scheme. During the year the Company has disbursed over Taka 2,396 million under this scheme compared to around Taka 1,687 million in the previous year. DBH has disbursed the majority portion of the refinance fund.

During the year under review, a total of Taka 2,718 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, 2010 have been fully provided for and additionally, as required by Bangladesh Bank, DBH has a loan loss reserve amounting to 1% of outstanding loans.

RECOVERY

DBH maintains 100% provision against loans, which are overdue for more than 6 months and any other accounts that are considered by Management as doubtful of recovery. According to DBH's provisioning policy, non performing loan (NPL) stood at 0.11% in FY 2009-10. According to Bangladesh Bank categorization for non

performing loan / industry practice of loan classification for FIs, NPL in the same period stood at Tk 6.80 million, which is merely 0.04% of the total outstanding loans. Needless to say, these are considered to be the best in the industry. During the year, DBH has not written off any loans. As a matter of fact, DBH has not written off any loans since inception.

Financial year 2009-10 was another milestone for DBH in terms of minimizing filing of Artha Rin suits and also classifying defaulted accounts. At the close of June 30, 2010 there were only a few Artha Rin Suits pending for disposal with only 1 of them being added during the year. DBH has also set a very high standard of monitoring all its pending suits and ensuring a very speedy disposal.

Another milestone for DBH has been the shift from conventional cheques to MICR cheques for collection of the monthly installments. With the Bangladesh Bank directive to phase out all conventional cheques by the end of May 2010, DBH started its drive to replace all of its existing cheques (PDCs) of almost 13,000 clients at the end of 2009. By the time the Bangladesh Bank deadline came for implementation of the MICR only cheque clearing system in June'10, DBH had managed to replace 99% of its inventory of Non-MICR conventional cheques.

FUNDING OPERATIONS

DBH maintains a pragmatic funding policy, which has supported the company to successfully retain the leading position in the housing finance industry amidst very challenging circumstances. The funding composition of the company changes over time to remain compatible with the pricing and maturity of assets.

Deposits remain the focal point of funding for DBH. The DBH deposit product line consists of various types of liability products sourcing resources from individual

savers, corporate bodies, banks & financial institutions. The deposit portfolio of the company has grown by more than 27% over last financial year and crossed Taka 13,000 million mark. As of June 30, 2010 the DBH deposit basket stands at Taka 13,454 million.

DBH also receives long-term loans from local banks and foreign development financial institutions. During the FY 2009-10 DBH has received long-term funds worth 2,594.35 million of which Taka 2,494.35 million came from the refinance scheme of the Central Bank. As of June 30, 2010 the Bangladesh Bank Housing Loan Refinance portfolio of DBH stands at Taka 4,099.03 million.

The healthy growth in profitability has marked significant increase in the net worth of the company. The shareholders' fund has increased by more than 22% over last financial year and comprises of around 7% of the resources portfolio.

The company is searching for new avenues of funding to meet up the increased appetite of its home loan wing and marketable securities investment operations.

The funding status of DBH as of June 30, 2010 is presented below:

Source	Million Taka
Deposit (Including Interest Payable)	13,453.75
Subordinated loan	14.96
Long term loans	5,110.65
Zero coupon bonds	225.00
Net worth	1,304.59

TREASURY OPERATIONS

The focal point of DBH treasury operations is short-term liquidity management coupled with longer-term fund sourcing related to the core business of the company. However, given the opportunity existing in the money market DBH also engages itself in short

term investments from surplus fund generated by operations and debt instruments based on calculated risk. This prudent treasury practice of DBH management minimizes the average cost of fund and adds maximum value to the shareholders' stake in the company.

FY 2009-10 has been a year of considerable fortunes for DBH treasury wing. The overnight market was very liquid especially during the first half of the financial year due to the effects of global recession on our national economy as well as the expansionary monetary steps undertaken by the government to combat the effects of global depression on our export oriented industries. Yields on treasury bills and bonds also dipped down during the period by almost 5% p. a. on an average. The rate on one-year term deposits slumped to the level of as low as 7% p.a. during this period from a record high of 13.50% p.a. in March 2009. Predictably the downward trend in cost of fund as well as the ample surplus of resources allowed treasury wing to pursue further short-term opportunities and also earn higher return on the existing treasury investments.

However, in line with the global recovery from recession, investment activities in our country also picked up in the latter half of the FY. As a result, the excess liquidity was gradually mopped out from the market and the overnight market gradually picked up. By the end of the Financial Year the Central Bank raised the bank's CRR by 50 basis points to 5.50% to contract money supply and contain inflation. Needless to say this monetary measure has once again allowed interest rates to climb up in the overnight as well as time deposit markets. Under the prevailing situation FY 2010-11 is set to be a challenging year for DBH treasury wing.

INVESTMENTS IN SECURITIES

In the financial year 2009-10 DBH has achieved considerable success from investments in marketable securities and other instruments. The portfolio stands at

Taka 1,005.49 million as of June 30, 2010 compared to Taka 71.94 million in June 30, 2009. The earnings from this sector have experienced a five-fold growth and reached Taka 161.22 million as on June 30, 2010.

The management recognises marketable securities and other instruments as a prospective arena for investments that offer significantly high rate of return.

HUMAN RESOURCES

Your Company is using "talent management" approach to attract, develop and retain employees. As a financial institution Delta Brac Housing Finance Corporation Ltd. is committed to equal opportunity and unbiased treatment of all individuals based on job related qualifications. DBH ensures an environment where cooperation among employees is the key and that induces and encourages teamwork.

The Company realizes that people factor and the organization culture become the key differentiators in achieving business excellence. Attracting and keeping young, talented and highly potential people is essential to conserve its ability to thrive in future.

Promoting internal talent, recruiting the right person, having optimal and efficient processes, and closeness to our staff are the strengths of our human resources that help identify and retain the right people to take it to its desired destination. This financial year end the number of regular employees increased to 149 from last year's 110.

INFORMATION TECHNOLOGY

Delta Brac Housing Finance Corporation Ltd. has created a strong platform through its IT department to help provide the access of data in an efficient manner to ensure smooth operation of the business and

uninterrupted flow of data and information. Trained and experienced team of the department is continuously involved themselves in maintaining and developing the Company's IT infrastructure to update the recent changes. The software professionals are constantly innovating and writing in-house programs to meet the needs of the Company's ever increasing requirements. The Company's branch and office network now embraces seven locations, and the IT Department has successfully implemented a Wide Area Network (WAN) to connect all of the premises on real-time basis, thereby providing seamless connectivity and prompt customer services. DBH is one of the very few organizations that have embraced ICT as the key to achieving excellence in its various aspects of operations. The existing IT system of the Company delivers adequate support to the management requirement with an IT service and IT enhancement plan to keep the system up to state of the art level.

RISK MANAGEMENT

Risk is the inherent element of any institutions like banks and financial institutions involved in providing financial services. To retain the risk at manageable level to optimize the return the Board of your Company has created Sub Committee on ALM and Risk Management to assist the Board on financial risk related issues. The committee is engaged in properly addressing the risk related issues on timely manner and formulate policy to mitigate those to safeguard its assets and its shareholders.

Asset Liability Management Committee (ALCO) and Credit Committee (CC) are basically responsible for the management of risk that the Company is to face. ALCO is responsible for managing Market Risk and Balance Sheet Management. It has the delegated authority and responsibility of managing deposit rates, lending rates, spreads, transfer pricing, etc in line with the guidelines of the central bank. Credit Committee (CC) on the other

hand, has the responsibility and authority to formulate and implement various credit risk strategies including lending policies and strict adherence to them and also to monitor Company's credit risk management functions on a regular basis.

CREDIT RATING

Credit Rating Agency of Bangladesh (CRAB) Ltd. reaffirms AAA/ST-1 rating of Delta Brac Housing Finance Corporation Limited in its latest entity rating done based on the Company's year end financials of 2009. CRAB in its latest assignment has retained the rating at AAA in the long term (pronounced Triple A). The assigned rating is the highest credit quality rating assigned by credit rating agencies in Bangladesh to any entity for four consecutive years.

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

The highest credit quality rating reflects DBH's strong market position in the housing finance industry along with its sound asset quality and conservative provisioning policy, well-diversified resource base and ability to maintain steady track record of profitability in a strongly competitive market environment. Besides, the rating also considers strong parental support it continues to get from the sponsors and highly qualified professional support from management in taking appropriate action in any adverse operating environment.

CORPORATE SOCIAL RESPONSIBILITY

Business is being asked to assume broader responsibilities to society than ever before and to serve a wider range of human values, and thereby Corporate

Social Responsibility is a concept with a growing prevalence in Bangladesh and around the globe. It means taking responsible attitude going beyond the legal requirements towards society. CSR is the platform where any corporate has the opportunity to cut across almost all stakeholders by addressing the issues, like; deal responsibly with customers and suppliers, work with the local community for its betterment, understand environmental impact. As part of its CSR effort, DBH patronizes number of programmes to have greater involvement with the local community.

Employees of DBH took part in the volunteers- sponsorship home building activities launched by Habitat for Humanity International Bangladesh (HFHIB) at Savar in Dhaka on Friday (05 February 2010).

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

Based on HFHIB's experience in post-disaster reconstruction & recovery projects, particularly after the Cyclone SIDR and 2007 floods, HFHIB recognised the need to develop the capacity of community to meet future disasters. Realizing this Habitat Bangladesh has been running its Community Based Disaster Mitigation (CBDM) program since January 2009 in the South West region of Bangladesh. Through the CBDM program, HFHIB wants to organize its effort to equip communities to mitigate against future disasters and reduce risks at the community level.

The CSR funding from Delta Brac Housing Finance Corporation Ltd. has been supporting the CBDM program of HFHIB to build community resilience, especially among the poor and marginalized, to

withstand natural disasters ensuring limited loss of life and assets in the water-logging area of Tatulia union of Tala Upazilla in Satkhria through the activities during the project period of March-June 2010. This project intends to help communities reduce their vulnerability and build their capacity to recover quickly during forthcoming disasters by providing technical and financial assistance to 40 families to avail retrofitting services and by increasing the capacity of 100 families at the risk of flood and cyclone disasters to mitigate their sufferings through disaster management training. DBH provided assistance to HFHIB for building shelters for the Aila affected families.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

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

- The financial statements prepared by the Management of DBH, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the issuer company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed.

- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the issuer company's ability to continue as a going concern.

DIRECTORS' APPOINTMENT & REAPPOINTMENT

In accordance with the Articles of Association of DBH the following members of the Board will retire in the fourteenth Annual General meeting from the Office of Directors of the Company by rotation and being eligible offered themselves for re-appointment.

Mr. Muhammad A. (Rumeel) Ali
(Representing BRAC)

Mr. Pradeep Kumar Mukherjee
(Representing HDFC Investments Ltd.)

APPOINTMENT OF AUDITOR

M/S. S. F. AHMED & CO., Chartered Accountants has been appointed as the statutory auditors for the financial year 2009-10 for the first term. Since they are eligible for appointment for further one year term, the Board of Directors recommended to appoint

them for the year 2010-11 as statutory auditor and Bangladesh Bank has also accorded its consent for the appointment. Now, the matter will be placed before the AGM for shareholders' approval.

ACKNOWLEDGEMENT

Your Directors place on record their gratitude and appreciation for the assistance, cooperation and guidance received by the Company from various parties. The Directors acknowledge their gratitude to the clients who have extended patronage to the Company. Your Directors also have pleasure to express their appreciation for the assistance extended by the Bangladesh Bank, Securities and Exchange Commission (SEC), Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) and other regulatory authorities for their guideline & support to the Company and the valuable advice rendered and co-operation extended by the Auditors, and the devoted efforts put in by the Company's employees at all levels to uphold the Company performance.

For and on behalf of the Board of Directors



Faruq A Choudhury
Chairman

Photo Album



Mr. Faruq A Choudhury, Chairman of Delta Brac Housing Finance Corporation Ltd. (DBH) addressing the 13th Annual General Meeting of the Company. It was also attended by Board Members and the general shareholders.

13th Annual General Meeting



13th Annual General Meeting

Mr. Hamidul Huq, Managing Director of Credit Rating Agency of Bangladesh (CRAB) Ltd. handing over the Credit Rating Report to Mr. Q. M. Shariful Ala, Managing Director and CEO of DBH at a function held at the latter's corporate office in Dhaka.



Chief Executive Officer of LR Global AMC, Reaz Islam presiding over the IPO lottery on the DBH 1st Mutual Fund. The function was attended, among others by, Managing Director and CEO of DBH, Mr. Q. M. Shariful Ala and representatives of Securities Exchange Commission (SEC) and Dhaka Stock Exchange (DSE).



Managing Director and CEO of DBH, Mr. Q. M. Shariful Ala handing over a cheque of Taka 500,000 to National Director of Habitat for Humanity International-Bangladesh (HFHIB) Ms. Kelly Koch for building shelters for the Aila affected families

Employees of DBH took part in the volunteers-sponsorship home building activities launched by Habitat for Humanity International Bangladesh (HFHIB) at Savar.





Report on Corporate Governance

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

Philosophy on Code of Corporate Governance

DBH believes in adopting and adhering to best recognised corporate governance practices and continuously benchmarking itself against each such practice. The Company understands and respects its fiduciary role and responsibility to the shareholders and strives hard to meet their expectations. The Company believes that best board practices, transparent disclosures and shareholder empowerment are necessary for creating shareholder value. The Company has infused the philosophy of corporate governance into all its activities. The philosophy on corporate governance is an important tool for shareholder protection and maximization of their long-term values. The cardinal principles such as independence, accountability, responsibility, transparency, fair and timely disclosures, credibility etc. serve as the means for implementing the philosophy of corporate governance in letter and spirit.

Delegation of Authority

There is clearly spelled out delegation of authority in sanctioning loan as well as the operational and capital expenditure with specific task authority relationship.

Internal Control and Compliance

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

Board of Directors

The corporate governance principles of the Company ensures that the Board remains informed, independent and involved in the affairs of the Company and ensuring that there are ongoing efforts towards better corporate governance to mitigate "non business" risks. Directors of DBH possess the highest personal and professional ethics, integrity, and values and are committed to representing the long-term interests of the stakeholders.

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 CEO and the overall supervision of the Board. The management ensures that all provisions of law are complied with. The management develops Company's strategy, coordinates it with the Board, and ensures its implementation. It ensures appropriate risk management and risk controlling measures throughout the Company.

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

Board Meetings

The Board of Directors meet at regular intervals with a formal schedule of matters specifically reserved for its attention to ensure that it exercises full control over significant strategic, financial, operational and compliance matters. The Board is regularly briefed and updated on the key activities of the business and is provided with briefings and presentations on other matters concerning the Company on a need basis. Besides, information about statutory compliance, minutes of the sub-committees of the Board and information as required under listing guidelines are also provided to the Directors on a regular basis. The dates of the Board meetings are fixed in advance and the notices are served 14 days before the meeting to enable maximum attendance from Directors. During the year ended June 30, 2010 four meetings of the Board of Directors were held.

Changes in the Board Constitution

During the year ended June 30, 2010 no changes took place in the constitution of the Board. None of the directors of the Company are disqualified for being appointed/ reappointed as Directors pursuant to the Companies Act, 1994 and/or the other regulatory rules.

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. Various recommendations of the committees are submitted to the Board for approval. The minutes of the meetings of all the committees are circulated to the Board for its information.

Audit Committee

The primary role of the Audit Committee is overseeing the financial reporting process and disclosure of financial information, reviewing the financial statements before submission to the Board, reviewing adequacy of internal control systems and reviewing findings of internal investigations besides recommending appointment/ removal of statutory auditors and fixing their remuneration. The committee holds discussions with the statutory auditors, to review annual financial statements before submission to the Board with special emphasis on accounting policies, compliance of Accounting Standards and other legal requirements relating to financial statements. The Committee recommends appointment/removal of statutory auditors and fixing their remuneration and to review all issues which are required to be reviewed by the Audit Committee pursuant to the guidelines issued by SEC.

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

Executive Committee Composition and Meetings

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

The Executive Committee originally constituted since inception of the Company and present committee consists of five members: Mr. Mohammad Aminul Alam as the Chairman, Mr. Muhammad A. (Rumee) Ali, Dr. Kabir Hussain Choudhury, Mr. Nurul Huda and Mr. Q.M. Shariful Ala, Managing Director and CEO as its members. Mr. S.H. Aslam Habib, Company Secretary, acts as secretary of the Committee.

Annual General Meeting (AGM)

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

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

Resolutions passed at the previous AGM i.e. 13th Annual General Meeting held on November 23, 2009

Details of the previous Annual General Meeting (AGM) is as follows:

Particulars	Date & Time	Venue
13th AGM	November 23, 2009 at 11.00 A M	Bangladesh China Friendship Conference Centre Shere-e-Bangla Nagar, Dhaka

Approval given by the shareholders;

- Financial Statements for the year ended June 30, 2009
- Dividend (Stock @15% and Cash @ 17%)
- Re-election of Directors named Mr. Faruq A Choudhury, Dr. Kabir Hussain Choudhury, and Mr. Mohammed Syedul Islam
- Appointment of Auditors; M/S. S. F. Ahmed & Co, Chartered Accountants as external auditor of the Company and
- The Shareholders also approved the enhancement of the Authorised Share Capital to Tk. 200.00 crore and in this regard passed special resolution to amend the Memorandum and Articles of Association of the Company.

General Shareholders' Information Fourteenth (14th) Annual General Meeting:

- Date: 8th day of December, 2010; Time 11.00 am
- Venue: Spectra Convention Center, Gulshan-1, Dhaka
- Financial Reporting Calendar: 2009-10 1st July to 30th June
- Dates of Book Closure/Record date: October 10, 2010
- Dividend Payment Date: The final dividend if declared by the shareholders at the Annual General Meeting shall be paid on or before January 6, 2011, i.e. within 30 days from the date of declaration.

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

ISIN Number for CDBL – BD0621DBH007

Shareholding Pattern of the Company as on 30th June 2010

On the basis of shareholders type:

Group Name	No. of Shareholder(s)	No. of Share(s)	Percentage (%)
Sponsors / Pre-IPO Shareholders (Local)	6	2,202,300	54.56
Sponsors / Pre-IPO Shareholders (Foreign)	2	986,700	24.44
General Public	2229	456,902	11.32
Financial Institutions & other Companies	170	390,598	9.68
Foreign Investors	-	-	-
Total :	2407	4,036,500	100.00

Distribution of Shareholding as on 30th June 2010

Shareholding Range	Number of Shareholder(s)	No. of Shares	Percentage (%)
1 - 500	2216	202,105	5.01
501 - 5000	153	246,014	6.09
5001 - 10000	18	130,965	3.24
10001 - 20000	11	155,950	3.86
20001 - 30000	3	68,016	1.69
30001 - 40000	-	-	-
40001 - 50000	1	44,453	1.10
50001 - 100000	-	-	-
100001 - 10000000	5	3,188,997	79.00
Total :	2407	4,036,500	100.00

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

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

Condition No.	Title	Compliance Status	Explanation for non compliance with the condition
1.0	Board of Directors		
1.1	Board's Size: Board members should not be less than 5 (Five) and more than 20 (Twenty)	Complied	-
1.2 (i)	Independent Director: At least 1/10th	Not Complied	Under review
1.2 (ii)	Appointment of Independent Directors by elected Directors	Not Complied	Under review
1.3	Individual Chairman of the Board, Chief Executive, clearly defined roles and responsibilities	Complied	-
1.4	Directors' Report to Shareholders		
1.4(a)	Fairness of Financial Statements	Complied	-
1.4(b)	Maintenance of proper books of accounts	Complied	-

Condition No.	Title	Compliance Status	Explanation for non compliance with the condition
1.4(c)	Adoption of appropriate Accounting policies and estimates	Complied	-
1.4(d)	Compliance with International Accounting Standards, as applicable in Bangladesh	Complied	-
1.4(e)	Soundness of Internal Control System	Complied	-
1.4(f)	Ability to Continue as Going Concern	Complied	-
1.4(g)	Significant deviations from last year.	N/A	N/A
1.4(h)	Presentation of last three years data	Complied	-
1.4(i)	Declaration of Dividend	Complied	-
1.4(j)	Details of Board Meeting	Complied	-
1.4(k)	Shareholding Pattern	Complied	-
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	Complied	-
2.2	Attendance of CFO and the Company Secretary at Board of Directors meeting	Complied	-
3.0	Audit Committee:		
3.1 (i)	Constitution of Committee	Complied	-
3.1(ii)	Constitution of Audit Committee with Board Members including one Independent Director.	Partly Complied	Constituted Audit Committee with Board Members; but Independent Director not yet included.
3.1(iii)	Filling of Casual Vacancy in Committee.	N/A	-
3.2(i)	Chairman of the Committee	Complied	-
3.2(ii)	Professional Qualification and experience of the Chairman of the Committee	Complied	-
3.3.1(i)	Reporting on the activities of the Audit Committee to the Board	Complied	-
3.3.1(ii)(a)	Reporting of Conflict of Interest to the Board of Directors	N/A	-
3.3.1(ii)(b)	Reporting of any fraud or irregularity to the Board of Directors	N/A	-
3.3.1(ii)(c)	Reporting of violation of laws to the Board of Directors	N/A	-
3.3.1(ii)(d)	Reporting of any other matter to the Board of Directors	Complied	-
3.3.2	Reporting of Qualified point to Commission	N/A	-
3.4	Reporting of activities to the Shareholders and General Investors	Complied	

Condition No.	Title	Compliance Status	Explanation for non compliance with the condition
4.0	External/Statutory Auditors:		
4.00(i)	Non-engagement in appraisal or valuation	Complied	-
4.00(ii)	Non-engagement in designing of Financial Information System	Complied	-
4.00(iii)	Non-engagement in Book-Keeping	Complied	-
4.00(iv)	Non-engagement in Broker-Dealer service	N/A	-
4.00(v)	Non-engagement in Actuarial Services	N/A	-
4.00(vi)	Non-engagement in Internal Audit	Complied	-
4.00(vii)	Non-engagement in any other services	Complied	-

Directors' Meeting & Attendance

Annexure-I

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

Name of Directors	Position	Nominated by	Attendance
Mr. Faruq A Choudhury	Chairman	BRAC	4
Mr. Mohammad Aminul Alam	Director	BRAC	2
Mr. Muhammad A. (Rume) Ali	Director	BRAC	3
Dr. Syed Mukarram Ali	Director	Delta Life Insurance Company Ltd.	4
Mr. Nasir A. Choudhury	Director	Green Delta Insurance Company Ltd.	4
Dr. Kabir Hussain Choudhury	Director	Green Delta Insurance Company Ltd.	4
Mr. Nurul Huda	Director	Delta Life Insurance Company Ltd.	4
Mr. Mohammed Syedul Islam	Director	Delta Life Insurance Company Ltd.	4
Mr. Pradeep Kumar Mukherjee	Director	HDFC Investments Ltd.	2
Mr. Q. M. Shariful Ala	Managing Director & CEO	-	4

Pattern of shareholdings as on 30th June 2010

(i) Shareholding Status of Pre IPO Shareholders

Annexure-II

Name of the Shareholder	No. of Shares held	Percent (%)
BRAC	822,248	20.37
Delta Life Insurance Company Limited	722,250	17.89
Green Delta Insurance Company Limited	657,799	16.30
HDFC Investments Limited	493,350	12.22
International Finance Corporation	493,350	12.22
Mr. Faruq A Choudhury	1	0.00
Dr. Salehuddin Ahmed	1	0.00
Mr. Q. M. Shariful Ala	1	0.00

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

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

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

Name of the Executives	Status	No. of Shares held	Percent (%)
Mr. Hassan I. Yussouf	Head of IT	-	-
Mr. Tanvir Ahmad	Head of Human Resources	-	-
Mr. A. K. M. Tanvir Kamal	Head of Credit	-	-
Mr. Nasimul Baten	Head of Home Loans	-	-
Mr. Saiyaf Ejaz	Head of Recovery & Administration	-	-

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

Name of the Shareholder	No. of Shares held	(%)
BRAC	822,248	20.37
Delta Life Insurance Company Limited	722,250	17.89
Green Delta Insurance Company Limited	657,799	16.30
HDFC Investments Limited	493,350	12.22
International Finance Corporation	493,350	12.22



Audit Committee Report

The Audit Committee of the Company was formed to assist the Board in discharging its responsibilities. The Board at the time of constitution of the committee fixes the terms of reference for the committee and also delegates powers from time to time.

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.

According to the Bangladesh Bank and SEC's guidelines, the Audit Committee is a sub committee of the Board. The Committee reports on its activities to the Board of Directors. The Company Secretary of the Company is the Secretary of the Audit Committee. The Manager-Internal Compliance concurrently reports to Managing Director and CEO as well as to the Audit Committee. The Audit Committee of DBH is comprised of five members of the Board of Directors.

The committee consists of the following five members of the Board, and is headed by a Director with professional background in the relevant fields:

The composition of present Audit Committee is as under:

1. Mr. Nasir A. Choudhury
2. Dr. Syed Mukarram Ali
3. Mr. Faruq A Choudhury
4. Mr. Mohammed Syedul Islam
5. Mr. Q. M. Shariful Ala

The audit committee assists the Board in fulfilling its oversight responsibilities including implementation of the objectives, strategies and overall business plans set by the Board for effective functioning of the Company. The Committee reviews the financial reporting process, the system of internal control and management of financial & operational risks through the audit process.

The Committee normally meets quarterly. During

2009-2010, 4 (four) Committee meetings were held. The main objectives of the Audit Committee are:

Financial Reporting:

- To improve the financial reporting quality, focus on changes in accounting practices, significant adjustments resulting from audit and compliance with accounting standards;
- In case of financial reporting the income must not be over accrued and the expenses are not hidden or capitalized and the off-balance sheet activities do not have any material effect on the situation.

Control:

- To appraise, improve and reinforce the control environment;
- To review Company's system risk analysis and ensure that they work in a cost effective manner;
- To introduce and maintain sound financial reporting system.

Internal and External Auditor:

- To improve the communication of Internal and External Auditors and maintenance of independency of these two groups;
- Chairman of the Committee must ensure the direct access to any employee record as the Internal or External Auditor's request;
- To review periodically the remuneration and the performance of the External Auditors;
- To assure the uncompromising independency of External Auditors;
- To promote the efficacy of Internal Audit and support it;
- To receive on behalf of the Board relevant extracts from internal audit reports and draw

the attention of the CEO and the Board, if any matters to them;

- To seek advice regarding the latest development of accounting and auditing in international arena.

Adherence to laws, regulation and guidance:

- To review External Auditor's letter to management and management responses;
- To review compliance with the rules and observations of the regulatory agencies, monitor the Company's response and report material deficiencies to the Board;
- To receive periodical report and take appropriate action;
- Members of the Audit Committee, other Executives and Managers must recognise that the responsibilities resting upon the Committee

are numerous and heavy;

- The Committee may have observations on particular people and should make these known to those responsible, however, they must remember that the responsibility for the competence of management rests with line managers and ultimately with the CEO;
- To commission and receive reports about the reappointment and remuneration of the external auditors and submit their conclusions to the annual general meeting;
- Chairman of the Committee should be in attendance to respond to questions.



Nasir A. Choudhury
Chairman
Audit Committee

Independent Auditors' Report

To
The Shareholders of Delta Brac Housing Finance Corporation Ltd.

We have audited the accompanying financial statements of Delta Brac Housing Finance Corporation Ltd. (DBH or 'the company'), which comprise the Balance Sheet as at 30 June 2010 and the Profit and Loss Account, Statement of Changes in Equity and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

Opinion

In our opinion, the financial statements prepared in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) give a true and fair view of the financial position of Delta Brac Housing Finance Corporation Ltd. as of 30 June 2010, and results of its financial performance and its cash flows for the year then ended and comply with the Financial Institution Act 1993, the Financial Institution rules 1994, the rules and regulations issued by the Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- ii. in our opinion, proper books of account as required by law have been kept by the Financial Institution so far as it appeared from our examination of those books and proper returns adequate for the purpose of our audit have been received from branches not visited by us;
- iii. the company's balance sheet and profit and loss account dealt with by the report are in agreement with the books of account and returns;
- iv. the expenditure incurred was for the purpose of the financial institution's business;
- v. adequate provisions have been made for housing loans considered to be doubtful;
- vi. the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- vii. the company has followed the instructions used by the Bangladesh Bank in the matters of housing loans, classification, provisioning and suspension of interest; and
- viii. the company has so far complied with the relevant laws pertaining to reserves and maintaining of liquid assets.

Dated, Dhaka;
23 September 2010

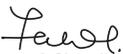
S. F. Ahmed & Co.
S. F. Ahmed & Co.
Chartered Accountants

Balance Sheet

As at 30 June 2010

	Notes	2010 Taka	2009 Taka
PROPERTY AND ASSETS			
Cash	3		
In hand	3.1	61,825	59,719
Balance with Bangladesh Bank and its agent Bank	3.2	505,572,976	302,357,048
		505,634,801	302,416,767
Balance with other banks and financial institutions in Bangladesh	4	2,345,794,355	2,304,150,462
Money at call on short notice		-	-
Investments	5		
Government		-	-
Others		1,005,493,321	71,943,526
		1,005,493,321	71,943,526
Loans and advances	6	18,062,666,341	13,551,165,751
Fixed assets including land, building, furniture and equipments	7	45,942,179	46,355,859
Other assets	8	83,261,038	109,648,792
Total Assets		22,048,792,035	16,385,681,157
LIABILITIES AND CAPITAL			
LIABILITIES			
Borrowing from other banks and financial institutions	9	6,522,057,753	4,316,078,702
Deposit and others accounts	10		
Fixed deposits		12,630,107,690	9,845,597,129
Other deposits		-	-
Other liabilities	11	1,592,032,532	1,157,092,124
Total Liabilities		20,744,197,975	15,318,767,955
Shareholders' equity			
Paid-up capital	12	403,690,000	351,040,000
Share premium	13	154,960,000	154,960,000
Statutory reserve	14	266,355,300	204,885,128
Other reserve	15	308,000,000	233,000,000
Retained earnings	31	171,588,760	123,028,074
Total equity		1,304,594,060	1,066,913,202
Total liabilities and shareholders' equity		22,048,792,035	16,385,681,157
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	16.1		
Acceptances and endorsement		-	-
Letter of guarantee		-	-
Irrevocable letter of credits		-	-
Bills for collection		-	-
Other contingent liabilities		67,714,219	77,670,138
Total contingent liabilities		67,714,219	77,670,138
Other commitments	16.2		
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		349,720,000	502,000,000
Total other commitments		349,720,000	502,000,000
Total Off-Balance Sheet items including contingent liabilities		417,434,219	579,670,138

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


Faruq A Choudhury
Chairman


Nasir A. Choudhury
Director


Q.M. Shariful Ala
Managing Director & CEO


S. H. Aslam Habib
Company Secretary & CFO

Dated, Dhaka;
23 September 2010


S. F. Ahmed & Co.,
Chartered Accountants

Profit and Loss Account

For the year ended 30 June 2010

Delta Brac Housing
Finance Corporation Limited

	Notes	2009-2010 Taka	2008-2009 Taka
Interest Income	17	2,309,545,845	1,864,562,141
Interest paid on deposits and borrowings etc	18	1,545,863,283	1,302,624,132
Net Interest Income		763,682,562	561,938,009
Income from investment	19	161,223,910	3,537,391
Commission, exchange and brokerage	20	106,251,581	78,087,340
Other operating income	21	5,588,177	5,633,796
Total operating income		1,036,746,230	649,196,536
Salary and allowances	22	158,339,040	100,896,428
Rent, taxes, insurance, electricity etc	23	17,370,935	15,175,099
Legal & professional expenses	24	1,659,823	343,286
Postage, stamp, telecommunication, etc	25	6,040,759	5,365,911
Stationery, printing, advertisements etc	26	13,992,490	9,764,616
Managing Director's salary and fees		8,550,000	8,550,000
Directors' fees and expenses	27	359,355	385,305
Auditors' fees	28	189,750	156,750
Depreciation, repair & maintenance expenses of FI's assets	29	16,165,695	13,033,029
Other expenses	30	23,345,713	17,113,899
Total operating expenses		246,013,560	170,784,323
Profit before provisions		790,732,670	478,412,213
Provision for:			
Loans and advances	11.2.1,2	139,164,439	45,018,499
Diminution in value of investments	11.2.3	11,576,664	431,141
Total provisions		150,741,103	45,449,640
Profit before tax		639,991,567	432,962,573
Provision for tax			
Current	11.3	298,637,619	201,976,552
Deferred	8.3,11.3	34,003,090	(2,906,279)
		332,640,709	199,070,273
Profit after tax		307,350,858	233,892,300
Appropriations			
Statutory reserve		61,470,172	46,778,460
General reserve		-	-
Dividend on preference share		10,000,000	10,000,000
		71,470,172	56,778,460
Retained surplus		235,880,686	177,113,840
Earnings Per Share (restated)	32	74	55


Faruq A Choudhury
Chairman


Nasir A Choudhury
Director


Q.M. Shariful Ala
Managing Director & CEO


S. H. Aslam Habib
Company Secretary & CFO

Dated, Dhaka;
23 September 2010


S. F. Ahmed & Co.
Chartered Accountants

Cash Flow Statement (Direct Method)

For the year ended 30 June 2010

	2009-2010 Taka	2008-2009 Taka
Cash flows from operating activities		
Interest receipts in cash	2,314,137,153	1,841,461,551
Interest payments	(1,393,605,393)	(1,148,647,644)
Dividend receipts	3,873,550	-
Fees and commission receipts in cash	106,251,581	78,087,340
Cash payments to employees	(153,788,881)	(113,235,451)
Cash payments to suppliers and various operating expenses	(50,989,186)	(43,100,839)
Income tax paid	(230,903,940)	(287,739,316)
Receipts from other operating activities(Note-38)	162,465,315	7,325,143
Cash generated from operating activities before changes in operating assets and liabilities	757,440,199	334,150,784
Increase/(decrease) in operating assets and liabilities		
Loans and advances to customers	(4,526,677,410)	(3,516,918,888)
Other assets	2,147,268	(3,898,470)
Loans and deposits from banks and other customers	5,040,749,992	4,749,813,010
Trading liabilities	-	-
Other liabilities	35,570,171	(663,805)
Cash utilised in operating assets and liabilities	551,790,021	1,228,331,847
Net cash from operating activities	1,309,230,220	1,562,482,631
Cash flows from investing activities		
Investment in trading securities	(711,550,295)	(71,943,526)
Investment in bonds (Banglalink)	(200,000,000)	-
Other investments	(21,999,500)	-
Purchase of property, plant & equipment	(9,513,211)	(9,908,420)
Proceeds from disposal of property, plant & equipment	87,167	2,107,231
Net cash from investing activities	(942,975,839)	(79,744,715)
Cash flows from financing activities		
Receipts from loan and debt securities	-	-
Payments for redemption of loan & debt security	(7,480,700)	(7,480,700)
Payment of Preference share dividend	(10,000,000)	(10,000,000)
Cash dividend paid	(59,670,000)	-
Payment for finance lease	(1,462,075)	(594,737)
Net cash from financing activities	(78,612,775)	(18,075,437)
Net increase in cash and cash equivalents	287,641,606	1,464,662,479
Cash and cash equivalents (net off overdraft) at the beginning of the period	2,227,338,912	762,676,433
Cash and cash equivalents (net off overdraft) at the end of the period	2,514,980,518	2,227,338,912

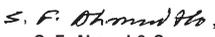

Faruq A Choudhury
Chairman


Nasir A. Choudhury
Director


Q.M. Shariful Ala
Managing Director & CEO


S. H. Aslam Habib
Company Secretary & CFO

Dated, Dhaka;
23 September 2010


S. F. Ahmed & Co.
Chartered Accountants

Statement of Changes in Equity

For the year ended June 30, 2010

Particulars	Amount in Taka					
	Share Capital	Share Premium	Statutory Reserve	General & Other Reserves	Retained Earnings	Total
Balance as on 1 July, 2009	351,040,000	154,960,000	204,885,128	233,000,000	123,028,074	1,066,913,202
Net profit (after tax) for the period	-	-	-	-	307,350,858	307,350,858
Transferred to reserve funds	-	-	61,470,172	75,000,000	(136,470,172)	-
Stock dividend issued	52,650,000	-	-	-	(52,650,000)	-
Preference share dividend	-	-	-	-	(10,000,000)	(10,000,000)
Dividend paid for previous year	-	-	-	-	(59,670,000)	(59,670,000)
Balance as on June 30, 2010	403,690,000	154,960,000	266,355,300	308,000,000	171,588,760	1,304,594,060
Balance as on June 30, 2009	351,040,000	154,960,000	204,885,128	233,000,000	123,028,074	1,066,913,202


Faruq A Choudhury
Chairman


Nasir A Choudhury
Director

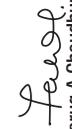

Q.M. Shariful Ala
Managing Director & CEO


S. H. Aslam Habib
Company Secretary & CFO

Liquidity Statement

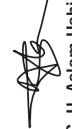
As at June 30, 2010

Particulars	upto 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Above 5 Years	Total
Assets						
Cash	471,489,032	6,587,699	27,558,070	-	-	505,634,801
Balance with other Banks and Financial Institutions	1,037,194,355	650,000,000	654,179,816	4,420,184	-	2,345,794,355
Money at Call and on short notice	-	-	-	-	-	-
Investments	582,493,821	-	221,000,000	179,500,000	22,499,500	1,005,493,321
Loans and advances	188,839,054	283,924,069	1,229,532,550	5,469,724,022	10,890,646,646	18,062,666,341
Fixed assets including premises, furniture and fixture	704,962	1,409,925	6,344,663	19,865,872	17,616,757	45,942,179
Other assets	23,589,277	11,430,872	39,480,881	7,288,390	1,471,618	83,261,038
Non-banking assets	-	-	-	-	-	-
Total Assets	2,304,310,501	953,352,565	2,178,095,980	5,680,798,468	10,932,234,521	22,048,792,035
Liabilities						
Borrowing from other banks and financial institution	1,189,133,733	107,885,931	443,630,234	1,811,944,158	2,969,463,697	6,522,057,753
Deposits	346,772,764	603,914,053	2,162,722,377	470,937,913	9,045,760,583	12,630,107,690
Provision and other liabilities	183,431,607	256,561,281	384,680,900	402,507,717	364,851,027	1,592,032,532
Total liabilities	1,719,338,104	968,361,265	2,991,033,511	2,685,389,788	12,380,075,307	20,744,197,975
Net liquidity gap	584,972,397	(15,008,700)	(812,937,531)	2,995,408,680	(1,447,840,786)	1,304,594,060


Faruq A Choudhury
Chairman


Masir A Choudhury
Director


Q.M. Shariful Ala
Managing Director & CEO


S. H. Aslam Habib
Company Secretary & CFO

Delta Brac Housing Finance Corporation Ltd.

Notes to the Financial Statements

For the year ended 30 June 2010

1 COMPANY AND ITS ACTIVITIES

(a) Legal status

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

(b) Nature of business

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

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

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance & basis of preparation

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

2.2 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.

2.3 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.

2.4 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 recognised in the period in which the estimates are revised and in any future periods affected. The key item which involve these judgments, estimates and assumptions are discussed, below:

Impairment losses on loans and advances

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

2.5 Materiality and aggregation

Each material item as considered by management significant has been presented separately in financial statements. No amount has been set off unless 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.

2.6 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 recognised in profit or loss in the period in which they arise.

2.7 Liquidity Statement

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

- a) Balance with other banks and financial institutions, money at call and short notice, etc. are on the basis of their maturity term.
- b) Investments are on the basis of their respective maturity.
- c) Loans and advances and lease are on the basis of their repayment schedule.
- d) Fixed assets are on the basis of their useful lives.
- e) Other assets are on the basis of their realization / amortization.
- f) Borrowings from other banks, financial institutions and agents are as per their maturity/ repayment term.
- g) Deposits and other accounts are on the basis of their maturity term and past trend of withdrawal by the depositors.
- h) Provisions and other liabilities are on the basis of their payment / adjustment schedule

2.8 Property, plant and equipments

a. Recognition

The cost of an item of property, plant and equipments shall be recognised as assets if, and only if it is probable that future economic benefits associated with the item will flow to the entity, and the cost of the item can be measured reliably.

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

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

b. Depreciation

Fixed assets are recorded at historical cost less accumulated depreciation. These are depreciated on reducing balance method using the following rates:

Category of assets	Rates of depreciation per annum
Furniture & Fixture	15% - 20%
Equipment	20% -25%
Vehicles	20%
Building	3%
Land	Not depreciated

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

Depreciation on newly acquired assets are calculated from the month of acquisition and depreciation on assets disposed off is charged up to the month of disposal.

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

c. Sale of Fixed Assets

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

2.9 Intangible assets

Intangible assets (computer software) are recorded at historical cost less accumulated amortization. These are amortized on reducing balance method using the rate at 25%.

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 marketable securities

Investment in marketable securities shares has been shown at cost or market price, whichever is lower, on an aggregate portfolio basis under Bangladesh Accounting Standard (BAS) 25 "Accounting for Investment." Full provision for diminution in value of shares as on closing of the year on an individual investment basis has been made in the accounts.

2.12 Cash and cash equivalents

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

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

2.13 Revenue recognition

Interest income

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

All other interest income is recognised 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.

Fees and other charges on loans

Receipt of loan processing/servicing fees are recognised 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 recognised 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 realised and loss is incurred.

2.14 Interest suspense account

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

2.15 Retirement benefit costs

i) Gratuity scheme

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

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

Less than 5 year of service - Nil

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

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

Maximum benefits - 50 times basic pay

ii) Contributory provident fund

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

2.16 Taxation

Current tax

Provision for income tax has been made at best estimate keeping in view the provisions of Income Tax Ordinance 1984 and the relevant Finance Act 2010. Applicable rate of income tax for financial institute 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.

2.17 Provision for loans

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

2.18 Interest expense

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

2.19 Earnings per share

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

2.20 Branch accounting

The Company has six offices (head office & five branches), with no overseas branch as on June 30, 2010. Accounts of the branches are maintained at the head office which are included in the accompanying financial statements.

	2009-2010 Taka	2008-2009 Taka
3 CASH		
3.1 Cash in hand		
Local Currency	61,825	59,719
Foreign Currency	-	-
	<u>61,825</u>	<u>59,719</u>
3.2 Balance with Bangladesh Bank and its agents		
Bangladesh Bank:		
Local Currency	471,251,689	242,408,815
Foreign Currency	26,350,796	52,269,018
	<u>497,602,485</u>	<u>294,677,833</u>
Balance with Sonali Bank being an agent of Bangladesh Bank	7,970,491	7,679,215
	<u>505,572,976</u>	<u>302,357,048</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 FID circular no. 6 November 2003 and FID circular no 02 dated November 10,2004

3.3.1 Cash Reserve Requirement (CRR) :

2.5% of required average demand and time liabilities:

Required reserve	297,274,994	193,057,581
Actual reserve maintained	<u>310,164,931</u>	<u>201,099,649</u>
Surplus/(deficit)	<u>12,889,937</u>	<u>8,042,068</u>

	2009-2010 Taka	2008-2009 Taka
3.3.2 Statutory Liquidity Reserve		
5% of required average demand and time liabilities including CRR:		
Required reserve (including CRR)	668,698,608	453,988,911
Actual reserve maintained (including CRR) (Note -3.3.1)	2,825,078,359	2,230,861,786
Surplus/(deficit)	2,156,379,751	1,776,872,875
4 Balance with other banks and financial institutions in Bangladesh		
Current deposits in local currency		
Janata Bank Limited	-	98,708
HSBC	-	7,418,840
Prime Bank Limited	996	2,146
Dhaka Bank Limited	18	12
	1,014	7,519,706
Short-term deposits accounts:		
Prime Bank Limited	14,556	5,462,919
Standard Chartered Bank	9,764,971	11,136,436
Dutch Bangla Bank Ltd.	104,911	1,332,693
Pubali Bank Limited	3,253,500	7,278,943
Brac Bank Limited	7,702,858	18,969,864
Exim Bank Limited	1,897,918	4,938,913
Eastern Bank Limited	3,532,124	6,198,866
Citi N A Bank	20,286,544	8,334,182
Trust Bank Limited	1,705,078	8,322,269
Commercial Bank of Ceylon plc	26,600,175	53,212,535
Bank Asia Limited	1,408,408	2,077,797
Southeast Bank Limited	922,298	765,339
	77,193,341	128,030,756
Fixed deposits:		
Prime Bank Limited	100,000,000	300,000,000
Standard Bank Limited	150,000,000	400,000,000
Shahjalal Islami Bank Limited	400,000,000	350,000,000
Brac Bank Limited	30,000,000	70,000,000
Exim Bank Limited	530,000,000	440,000,000
Dhaka Bank Limited	50,000,000	400,000,000
Eastern Bank Limited	-	50,000,000
Bank Alfalah Limited	-	100,000,000
IIDFC	8,600,000	8,600,000
Pubali Bank Limited	-	50,000,000
One Bank Ltd.	150,000,000	-
Jamuna Bank	150,000,000	-
Union Capital Limited	150,000,000	-
Lanka Bangla Finance	300,000,000	-
International Leasing and Financial Services	200,000,000	-
United Commercial Bank Limited	50,000,000	-
	2,268,600,000	2,168,600,000
	2,345,794,355	2,304,150,462

	2009-2010 Taka	2008-2009 Taka
4.1 Maturity grouping of balance with other banks and financial institutions in Bangladesh		
Payable on demand	1,014	7,519,706
upto 1 month	1,037,193,341	718,030,756
Over 1 month but not more than 3 months	650,000,000	1,400,000,000
Over 3 month but not more than 6 months	650,000,000	170,000,000
Over 6 month but not more than 1 year	4,179,816	3,024,916
Over 1 year but not more than 5 year	4,420,184	5,575,084
Over 5 years	-	-
	<u>2,345,794,355</u>	<u>2,304,150,462</u>

5 Investments

Government securities:	-	-
Other investments:		
Non marketable securities (Note-5.1)	21,999,500	-
Bonds (Banglalink Bond)	200,000,000	-
Marketable securities (Note-5.2)	783,493,821	71,943,526
	<u>1,005,493,321</u>	<u>71,943,526</u>

5.1 Investment in non marketable securities

	No of shares		
Dan & Bradstreet Rating Agency Bangladesh Ltd	24,995	2,499,500	-
Energyprima - Pre-IPO shares	100,000	9,500,000	-
Green Delta Mutual Fund	1,000,000	10,000,000	-
		<u>21,999,500</u>	<u>-</u>

5.2 Investment in marketable securities

Details of Marketable securities	No of shares	Cost Price	Market price
AB Bank Limited	17,100	19,920,917	23,828,850
ACI Zero Coupon Bond	35,930	26,893,605	28,007,435
Aftab Automobiles	45,650	13,947,504	12,485,275
British American Tobacco Bangladesh Company Ltd.	30,400	16,190,909	15,990,400
Beximco	55,000	12,424,500	16,434,000
Beximco Textile Ltd	75,000	5,394,548	4,650,000
BOC Bangladesh Limited	29,500	19,112,088	19,086,500
BSRM Steel Limited	6,100	11,685,786	12,840,500
DESCO	16,600	27,368,510	38,067,950
Heidelbergcement Bangladesh Ltd.	11,500	32,997,411	36,035,250
ICB	900	3,197,569	4,492,575

	No of shares	Cost Price	Market price
ICB 1st NRB Mutual Fund	22,600	10,342,354	9,944,000
ICB AMCL 1st Mutual Fund	11,950	7,837,165	7,426,925
ICB Islamic Mutual Fund	12,400	4,831,729	4,293,500
IDLC Finance Ltd.	4,640	12,126,918	16,753,880
Islami Bank Bangladesh Ltd.	46,010	25,570,711	29,342,878
Jamuna Oil Limited	9,000	3,744,589	3,673,800
Khulna Power Company Ltd.	101,951	21,914,857	14,324,116
Lanka Bangla Finance	106,500	44,638,176	49,011,300
Meghna Life Insurance Ltd.	17,300	51,455,285	55,217,275
National Bank Ltd.	32,840	21,815,316	24,991,240
One Bank Ltd.	18,100	12,473,736	13,326,125
Pioneer Insurance Ltd.	9,462	9,566,726	9,279,857
People's Leasing & Financial Services Ltd.	1,500	1,576,694	1,888,125
Popular Life Insurance Ltd	400	2,309,707	2,030,000
Power Grid Company Ltd.	16,800	13,227,174	17,220,000
Prime Bank Ltd.	20,000	10,807,948	12,145,000
Prime Finance and Investment Ltd.	16,650	50,024,933	54,990,788
Pubali Bank Ltd.	69,615	45,507,193	54,908,831
Square Pharma Limited	7,965	27,019,884	31,288,511
Titas Gas Transmission and Distribution Co. Ltd.	13,400	10,884,515	13,791,950
Trust Bank 1st Mutual Fund	350,000	3,500,000	4,620,000
DBH 1st Mutual Fund	20,000,000	200,000,000	296,000,000
Phoenix 1st Mutual Fund	100,000	1,000,000	1,200,000
RAK Ceramics	45,518	2,184,864	7,760,819
		<u>783,493,821</u>	<u>947,347,655</u>

All investment in marketable securities are valued on aggregate portfolio basis at the lower of cost and market value at the balance sheet date and adequate provision for future probable losses as per Bangladesh Bank guideline has been made. Market value has been determined on the basis of the value of securities at last trading date of June 2010 (last trading date was June 30, 2010).

As on June 30, 2010 there were Tk.163,853,834 of net unrealised gain on investment in marketable listed securities.

*2,000,000 shares of DBH 1st Mutual Fund are locked in for 10 years and remaining 18,000,000 shares are locked in upto February 6, 2011 and 100,000 shares of Phoenix Finance 1st Mutual fund are locked in upto November 11, 2010 and 45,518 shares of RAK Ceramics are locked in upto July 5, 2010 and 35,0000 shares of Trust Bank 1st Mutual Fund are locked in upto July 26, 2010.

	2009-2010 Taka	2008-2009 Taka
5.4 Maturity grouping of investments:		
On demand	566,395,068	71,943,526
upto 1 month	16,098,753	-
Over 1 month but not more than 3 months	-	-
Over 3 month but not more than 6 months	1,000,000	-
Over 6 month but not more than 1 year	220,000,000	-
Over 1 year but not more than 5 year	179,500,000	-
Over 5 years	22,499,500	-
	<u>1,005,493,321</u>	<u>71,943,526</u>
6 Loans and advances		
Inside Bangladesh		
Housing Loan - secured	17,604,619,752	13,193,650,497
Installment Receivable - Housing Loan	39,996,617	55,173,437
Staff loan	88,661,522	54,591,392
Loan against Deposits	329,388,450	247,750,425
	<u>18,062,666,341</u>	<u>13,551,165,751</u>
Outside Bangladesh	-	-
	<u>18,062,666,341</u>	<u>13,551,165,751</u>
6.1 Maturity grouping of loan and advances		
Repayable on Demand	40,018,901	55,173,437
Not more than 3 months	432,744,222	330,903,577
Over 3 month but not more than 1 years	1,229,532,550	930,837,089
Over 1 year but not more than 5 year	5,469,724,022	4,011,599,275
Over 5 years	10,890,646,646	8,222,652,373
	<u>18,062,666,341</u>	<u>13,551,165,751</u>
6.2		
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	25,244,366	10,432,786
d) Loans and advances to customer group:		
i) Housing Loan - Customer	17,644,616,369	13,248,823,934
ii) Staff Loan-Housing & Others	63,417,156	44,158,606
iii) Loan to Depositors	329,388,450	247,750,425
	<u>18,062,666,341</u>	<u>13,551,165,751</u>
e) Details of loans and advances industry-wise		
i) Housing Finance/ Real Estate	17,720,738,995	13,248,823,934
ii) Others	341,927,346	302,341,817
	<u>18,062,666,341</u>	<u>13,551,165,751</u>

	2009-2010 Taka	2008-2009 Taka
6.3 Loan and advance - geographical location-wise		
Inside Bangladesh (Urban)		
Dhaka	16,383,787,616	12,320,940,651
Chittagong	1,595,075,354	1,195,327,848
Sylhet	83,803,371	34,897,252
	<u>18,062,666,341</u>	<u>13,551,165,751</u>
Outside Bangladesh:	-	-
	<u>18,062,666,341</u>	<u>13,551,165,751</u>
6.4 Details of large loan and advance		
There were no clients with outstanding amount and classified loans/advances exceeding 15% of total capital of the institution.		
6.5 Particulars of loans and advances		
i) Loans and advances considered good in respect of which the financial institution is fully secured	18,042,890,485	13,533,045,014
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	19,775,856	18,120,737
iv) Loans and advances adversely classified: for which no provision is created.	-	-
	<u>18,062,666,341</u>	<u>13,551,165,751</u>
v) Loans and advances due by directors or officers of the financial institution or any of them either separately or jointly with any other persons.	88,661,522	54,591,392
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 directors or managers or officers of the financial institution or any of them either separately or jointly with any other person	88,661,522	54,591,392
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	-	-

	2009-2010 Taka	2008-2009 Taka
x) Information in respect of classified loans and advances		
a) Classified loans for which interest/ profit not credited to income		
i) Increase/decrease of provision (specific)	91,362,783	10,274,692
ii) Amount of written off debt against fully provided debts	-	-
iii) Amount of debt recovered against the debt which was previously written off	-	-
b) Amount of provision kept against loan classified as bad/ loss at balance sheet date	2,053,101	2,489,993
c) Amount of interest creditable to interest suspense account	10,524,145	7,733,966
xi) Cumulative amount of written off loans and advances		
Opening Balance	-	-
Amount written off during the year	-	-
Amount recovered against loans and advances previously written off	-	-
Balance of written off loans and advances yet to be recovered	-	-

6.6 Classification of loans and advances

Unclassified:		
Standard (including Staff Loan and Loan against Deposits)	18,047,949,757	13,541,181,279
Special mention account (SMA)	7,920,946	1,716,710
	<u>18,055,870,703</u>	<u>13,542,897,989</u>
Classified:		
Sub-standard	1,531,747	884,921
Doubtful	3,210,790	4,892,848
Bad/loss	2,053,101	2,489,993
	<u>6,795,638</u>	<u>8,267,762</u>
	<u>18,062,666,341</u>	<u>13,551,165,751</u>

6.7 Calculation of provision for loans and advances as per Loan Classification Report as on June 30, 2010.

Nature	Base for provision	Rate	Provision required
Standard	17,629,899,785	1%	176,298,998
Special mentioned account	6,760,637	5%	338,032
Sub- standard	-	20%	-
Doubtful	243,049	50%	121,525
Bad	-	100%	-
Staff	-	-	-
Loan against Deposit - Standard	329,388,450	1%	3,293,885

	2009-2010 Taka	2008-2009 Taka
7 Fixed assets including land, building, furniture and equipments:		
<i>Freehold assets (Cost):</i>		
Furniture & fixture	30,724,665	28,236,746
Office equipment	36,865,040	35,034,792
Vehicles	10,425,958	5,934,478
Building	4,785,450	4,785,450
Land	1,143,750	1,143,750
<i>Leasehold assets:</i>		
Motor vehicle	8,600,000	8,600,000
Intangible asset	1,160,195	1,160,195
	<u>93,705,058</u>	<u>84,895,411</u>
Less: Accumulated depreciation	47,762,879	38,539,552
	<u>45,942,179</u>	<u>46,355,859</u>
Detailed are shown in annexure A.		
8 Other assets		
Accounts receivable (Note-8.1)	76,995,900	65,614,339
Advances, deposits and prepayments (Note-8.2)	6,265,138	10,835,445
Deferred tax assets (Note-8.3)	-	33,199,008
	<u>83,261,038</u>	<u>109,648,792</u>
8.1 Accounts receivable		
Interest receivable	76,416,895	61,444,999
Sundry receivable	579,005	4,169,340
	<u>76,995,900</u>	<u>65,614,339</u>
8.2 Advances, deposits and prepayments		
Advance to employees	93,394	59,567
Advance to suppliers	278,655	1,554,494
Security deposits	2,807,650	796,650
Advance rent	1,648,736	6,813,037
Stamps and pay order in hand	1,436,703	1,611,697
	<u>6,265,138</u>	<u>10,835,445</u>
8.3 Deferred tax assets		
Balance as on July 1	33,199,008	30,292,729
Add: Deferred tax assets	-	2,906,279
Less: Deferred tax released	(33,199,008)	-
	<u>-</u>	<u>33,199,008</u>

	2009-2010 Taka	2008-2009 Taka
9 Borrowing from other banks and financial institutions		
Inside Bangladesh (Note 9.1, 9.2)	6,021,197,930	3,692,958,669
Outside Bangladesh (Note 9.3)	500,859,823	623,120,033
	<u>6,522,057,753</u>	<u>4,316,078,702</u>
9.1 Inside Bangladesh		
Secured long-term loans		
Uttara Bank Limited	103,830,650	247,348,192
Sonali Bank Limited	25,290,000	51,010,000
Pubali Bank Limited	230,000,000	330,000,000
Commercial Bank of Ceylon plc	166,600,000	89,980,000
	<u>525,720,650</u>	<u>718,338,192</u>
Zero Coupon Bond		
Prime Bank Limited	225,000,000	300,000,000
Unsecured long-term loan		
Mercantile Bank Limited	-	11,250,000
Bangladesh Bank (housing refinance)	4,099,028,642	1,659,142,160
	<u>4,099,028,642</u>	<u>1,670,392,160</u>
Bank Overdraft		
Prime Bank limited	738,485	61,593
Commercial Bank of Ceylon plc	319,823,020	323,897,454
Citi Bank N.A	6,362,850	27,745,756
HSBC	8,545,820	22,160,829
Standard Chartered Bank	978,463	5,362,685
Total Bank Over draft	<u>336,448,638</u>	<u>379,228,317</u>
9.2 Call Loans		
The City Bank Limited	235,000,000	65,000,000
Dhaka Bank Limited	-	50,000,000
National Bank Limited	-	50,000,000
Standard Bank Limited	100,000,000	50,000,000
Sonali Bank Limited	80,000,000	50,000,000
Mercantile Bank Limited	160,000,000	50,000,000
Jamuna Bank Limited	100,000,000	90,000,000
Premier Bank Limited	-	90,000,000
Brac Bank Limited	110,000,000	50,000,000
Bangladesh Commerce Bank Limited	-	50,000,000
Pubali Bank Limited	50,000,000	-
IFIC Bank Limited	-	30,000,000
	<u>835,000,000</u>	<u>625,000,000</u>
	<u>6,021,197,930</u>	<u>3,692,958,669</u>

	2009-2010 Taka	2008-2009 Taka
9.3 Outside Bangladesh		
Netherlands Development Finance Company (FMO)	474,659,633	570,989,450
International Finance Corporation (IFC)	26,200,190	52,130,583
	<u>500,859,823</u>	<u>623,120,033</u>
Total borrowing	<u>6,522,057,753</u>	<u>4,316,078,702</u>
9.4 Security against borrowings from other banks and financial institutions		
Secured	1,251,580,473	1,641,458,225
Unsecured	5,270,477,280	2,674,620,477
	<u>6,522,057,753</u>	<u>4,316,078,702</u>
<p>The aforesaid secured loans except loan from Sonali Bank Ltd. are secured by first charge on company's all present and future movable and immovable assets including book debts ranking pari-passu security charges with other lenders of the company. Loan from Sonali Bank Ltd. is secured by lien over foreign exchange deposits with Bangladesh Bank.</p>		
9.5 Maturity grouping of borrowings from other banks and financial institutions		
Payable on demand	1,171,448,638	1,004,228,317
Upto 1 month	17,685,095	8,178,019
Over 1 month but within 3 months	107,885,931	46,386,061
Over 3 months but within 1 year	443,630,234	407,257,161
Over 1 year but within 5 years	1,811,944,158	1,427,091,448
Over 5 years	2,969,463,697	1,422,937,696
	<u>6,522,057,753</u>	<u>4,316,078,702</u>
10 Deposits and other accounts		
Term deposits (Note: 10.1)	<u>12,630,107,690</u>	<u>9,845,597,129</u>
10.1 Term Deposits		
Balance as on 01 July	9,845,597,129	6,763,631,215
New deposits	11,943,078,394	9,736,479,740
	<u>21,788,675,523</u>	<u>16,500,110,955</u>
Repayment made during the year	9,158,567,833	6,654,513,826
Balance as at 30 June	<u>12,630,107,690</u>	<u>9,845,597,129</u>
10.2 Group-wise break-up of deposits and others accounts		
Government	-	-
Bank	660,000,000	1,430,000,000
Other institutions	7,259,775,553	4,505,448,678
Individuals	4,710,332,137	3,910,148,451
	<u>12,630,107,690</u>	<u>9,845,597,129</u>

	2009-2010 Taka	2008-2009 Taka
10.3 Maturity analysis of deposits		
Payable on demand	-	-
Upto 1 month	346,772,764	137,018,105
Over 1 month but within 6 months	1,432,204,026	722,214,150
Over 6 months but within 1 year	1,334,432,404	767,822,150
Over 1 year but within 5 years	470,937,913	221,468,096
Over 5 years but within 10 years	7,778,864,844	7,011,586,414
Over 10 years	1,266,895,739	985,488,214
	<u>12,630,107,690</u>	<u>9,845,597,129</u>
11 Other liabilities		
Liabilities under finance lease (Note: 11.1)	6,173,187	7,635,262
Provision for loans & investment (Note: 11.2)	366,979,094	216,237,991
Provision for income tax (Note: 11.3)	101,149,604	32,611,843
Interest suspense (Note: 11.4)	10,524,145	7,733,966
Other payables (Note: 11.5)	1,107,206,502	892,873,062
	<u>1,592,032,532</u>	<u>1,157,092,124</u>
11.1 Liabilities under finance lease		
Balance as on July 1	7,635,262	1,629,999
Add: addition during the year	-	6,600,000
	<u>7,635,262</u>	<u>8,229,999</u>
Less: Repayment during the year	1,462,075	594,737
Balance at 30 June	<u>6,173,187</u>	<u>7,635,262</u>
11.1.1 Aging analysis of liabilities under finance lease		
Upto 1 month	130,476	114,840
Over 1 month but within 3 months	265,157	233,375
Over 3 months but within 1 year	1,265,650	1,113,860
Over 1 year but within 5 years	4,511,904	6,173,187
Over 5 years	-	-
	<u>6,173,187</u>	<u>7,635,262</u>
11.2 Provision for loans and investment		
Balance as on July 1	216,237,991	170,788,351
Provision written off	-	-
Provision charged for the year	150,741,103	45,449,640
Provision recovered for the year	-	-
Balance as on 30 June	<u>366,979,094</u>	<u>216,237,991</u>

	2009-2010 Taka	2008-2009 Taka
11.2.1 General Provision		
Balance as on July 1	132,825,007	98,081,200
Charged during the year	47,801,656	34,743,807
	<u>180,626,663</u>	<u>132,825,007</u>
11.2.2 Specific Provision		
Balance as on July 1	82,981,843	72,707,151
Provision written off	-	-
Provision recovered during the year	-	-
Provision charged for the year	91,362,783	10,274,692
Provision no longer required written back.	-	-
Balance as on 30 June	<u>174,344,626</u>	<u>82,981,843</u>
11.2.3 Provision for diminutions in the value of investments		
Balance as on July 1	431,141	-
Provision made during the year	11,576,664	431,141
	<u>12,007,805</u>	<u>431,141</u>
Total provision for loans and investments	<u>366,979,094</u>	<u>216,237,991</u>
11.3 Provision for income tax including deferred tax		
Balance as on July 1	32,611,843	118,374,607
Addition during the year (Current tax)	298,637,619	201,976,552
Advance tax paid	(230,903,940)	(287,739,316)
	<u>100,345,522</u>	<u>32,611,843</u>
Deferred tax liability	804,082	-
	<u>101,149,604</u>	<u>32,611,843</u>
11.4 Interest suspense		
Balance as on July 1	7,733,966	5,670,028
Interest suspended during the year	2,790,179	2,063,938
Recovery of suspended interest during the year	-	-
Written off suspended interest during the year	-	-
	<u>10,524,145</u>	<u>7,733,966</u>
11.5 Other payables		
Interest payable on deposit & loans	964,161,778	811,902,605
Sundry creditors	58,739,213	28,031,645
Unclaimed instruments	8,316,289	8,017,618
Payable to clients	29,254,704	18,934,969
Loan under litigation	857,545	-
Privileged creditors	32,158,045	12,085,275
Liability for expenses	3,718,928	3,900,950
Preference share dividend payables	10,000,000	10,000,000
	<u>1,107,206,502</u>	<u>892,873,062</u>

12 Share Capital

12.1 Authorised capital

	2009-2010 Taka	2008-2009 Taka
199,995,000 Ordinary shares of Tk. 100 each	1,999,500,000	499,500,000
5,000 Preference shares of Tk. 100 each	500,000	500,000
	<u>2,000,000,000</u>	<u>500,000,000</u>

Authorised capital has been raised to Taka 2,000,000,000 from Taka 500,000,000 during the year 2009-10. This was duly approved by Bangladesh Bank and also at the AGM of the shareholders held on November 23, 2009.

12.2 Issued, subscribed, called and paid-up capital

(a) Ordinary shares

3,510,000 Ordinary shares of Taka 100 each	351,000,000	270,000,000
(2008-09: 2,700,000 ordinary shares of Taka 100 each)		
526,500 Ordinary shares Taka 100 each issued as bonus share	52,650,000	-
810,000 Ordinary shares Taka 100 each issued as bonus share	-	81,000,000
	<u>403,650,000</u>	<u>351,000,000</u>

b) Preference shares

400 Shares of TK. 100 each (Issued at a premium of 249,900 per share in cash)	40,000	40,000
	<u>403,690,000</u>	<u>351,040,000</u>

12.3 Paid-up capital of the Company is held by the following shareholders

	2009-2010	
	No of shares	Taka
a) Ordinary shares		
Local shareholders:		
BRAC	822,248	82,224,800
Delta Life Insurance Company Ltd	722,250	72,225,000
Green Delta Insurance Company Ltd	657,799	65,779,900
General shareholder	847,503	84,750,300
	<u>3,049,800</u>	<u>304,980,000</u>
Foreign shareholders:		
International Finance Corporation Ltd	493,350	49,335,000
HDFC Investments Ltd. (HIL), India	493,350	49,335,000
	<u>986,700</u>	<u>98,670,000</u>
b) Preference shareholders		
Industrial Promotion and Development Company of Bangladesh Ltd.	400	40,000
	<u>4,036,900</u>	<u>403,690,000</u>

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

Shareholding range	No of shareholders	No of shares	% of share holding
01-500	2216	202,105	5.01%
501-5000	153	246,014	6.09%
5001-10000	18	130,965	3.24%
10001-20000	11	155,950	3.86%
20001-30000	3	68,016	1.69%
30001-40000	0	-	-
40001-50000	1	44,453	1.10%
50001-100000	0	-	-
100001-10000000	5	3,188,997	79.00%
		<u>4,036,500</u>	<u>100%</u>

13 Share premium account

	2009-2010 Taka	2008-2009 Taka
Preference shares	99,960,000	99,960,000
Ordinary shares	55,000,000	55,000,000
	<u>154,960,000</u>	<u>154,960,000</u>

14 Statutory reserve

	2009-2010	2008-2009
Balance as on July 1	204,885,128	158,106,668
Add: addition during the year (20% of post profit)	61,470,172	46,778,460
Balance at 30 June	<u>266,355,300</u>	<u>204,885,128</u>

This reserve has been created as per the provision of Financial Institution Rules 1993

15 Other reserve

15.1 Contingency Reserve

	2009-2010	2008-2009
Balance as on July 1	200,000,000	140,000,000
Add: addition during the year	60,000,000	60,000,000
Balance at 30 June	<u>260,000,000</u>	<u>200,000,000</u>

	2009-2010 Taka	2008-2009 Taka
15.2 General Reserve		
Balance as on July 1	18,000,000	18,000,000
Add: addition during the year	-	-
Balance at 30 June	18,000,000	18,000,000
15.3 Dividend equalization reserve		
Balance as on July 1	15,000,000	-
Add: addition during the year	15,000,000	15,000,000
Balance at 30 June	30,000,000	15,000,000
Total other reserve	308,000,000	233,000,000

16 Business commitments and contingencies

16.1 Contingent liabilities	67,714,219	77,670,138
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The company has not recognised tax liability of Tk. 67,714,219 for the assessment year 2007-2008 assessed by the Deputy Commissioner of Taxes by disallowing accrued interest on deposits and simple interest charged on net tax payable as per assessment order. Out of the above amount Tk.55,108,917 is due to disallowances of accrued interest on deposit and Tk.11,021,783 for simple interest thereon. The Company has filed reference to the High Court Division against impugned orders and the decision is still pending.

Consequently, there is a contingent liability for the above amounts which have not been recognised as liability in anticipation of consequential relief will be granted in favour of the Company since accrued interest on deposits has been accepted as allowable expense for the assessment year 2008-09.

16.2 Other Commitments	-	-
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In the normal course of business, the company makes various commitments, contracts and disbursements. No material losses are anticipated as a result of these transactions. Details are given below:

Housing finance commitments outstanding	349,720,000	502,000,000
Bank borrowing commitments outstanding	-	-

16.3 Capital expenditure commitments		
a) Contracted and incurred but not provided for in the accounts	Nil	Nil
b) Approved by the Board but not contracted for	Nil	Nil

	2009-2010 Taka	2008-2009 Taka
16.4 Unacknowledged debts		
The Company had on claim, legal or other, against it which has not been acknowledged as debt at the balance sheet date	-	-
17 Interest income		
Interest on loans	2,057,319,423	1,735,381,411
Interest on placement with other banks	252,117,573	128,113,648
Interest on Bangladesh Bank foreign exchange deposit	108,849	1,067,082
	<u>2,309,545,845</u>	<u>1,864,562,141</u>
18 Interest on deposits and borrowing		
Interest on term loans	257,879,947	227,577,137
Interest on deposits	1,207,354,502	1,021,057,551
Interest on short-term borrowing	46,617,681	15,652,008
Interest on non-convertible zero coupon bond	24,779,588	25,465,408
Interest on overdraft	8,360,924	12,455,366
Interest on finance lease	870,641	416,662
	<u>1,545,863,283</u>	<u>1,302,624,132</u>
19 Income from investments		
Gain on sale of marketable securities	150,007,138	3,320,424
Dividend income	4,346,772	216,967
Interest on Banglalink Bond	6,870,000	-
	<u>161,223,910</u>	<u>3,537,391</u>
20 Commission, exchange and brokerage		
Loan fees	72,893,074	56,688,370
Other charges and fees	33,358,507	21,398,970
	<u>106,251,581</u>	<u>78,087,340</u>
21 Other operating income		
Property service income	1,471,316	1,437,690
Gain on sale of fixed assets	-	961,361
Misc income	4,116,861	3,234,745
	<u>5,588,177</u>	<u>5,633,796</u>
22 Salary and allowances	<u>158,339,040</u>	<u>100,896,428</u>

Salary and allowances include annual contribution of Tk. 3,964,217 to provident fund and Tk. 20,569,800 to gratuity fund.

	2009-2010 Taka	2008-2009 Taka
23 Rent, taxes, insurance, electricity, etc		
Rent, rate & taxes	13,247,915	10,803,429
Insurance	1,071,370	1,359,234
Electricity	2,715,461	2,752,592
Water	336,189	259,844
	<u>17,370,935</u>	<u>15,175,099</u>
24 Legal and professional expense		
Law charges	688,218	110,586
Other professional charges	971,605	232,700
	<u>1,659,823</u>	<u>343,286</u>
25 Postage, stamps and telecommunication		
Postage & courier service	646,858	451,640
Stamp expenses	2,504,929	1,911,670
Telephone & internet	2,888,972	3,002,601
	<u>6,040,759</u>	<u>5,365,911</u>
26 Stationery, printing, advertisement etc.		
Printing	3,115,508	2,605,473
Stationery	2,028,840	1,795,025
Publicity and advertisement	8,848,142	5,364,118
	<u>13,992,490</u>	<u>9,764,616</u>
27 Directors' fees		
Honorarium for attending meeting	228,000	168,000
Incidental expense for attending meeting	131,355	217,305
	<u>359,355</u>	<u>385,305</u>
Directors' remuneration for each board meeting up to February 2010 was Tk. 4,000 and thereafter Tk. 5,000.		
28 Auditors fees		
Statutory annual audit fees (including VAT)	189,750	156,750
	<u>189,750</u>	<u>156,750</u>
29 Depreciation, repairs & maintenance		
Freehold assets	8,127,636	7,721,011
Leasehold assets	1,475,200	744,003
Intangible assets	213,143	99,789
	<u>9,815,979</u>	<u>8,564,803</u>
<u>Repairs & Maintenance</u>		
Vehicle	790,581	636,653
Office equipment & premises	3,863,923	2,549,920
Computer hardware & software	1,695,212	1,281,653
	<u>6,349,716</u>	<u>4,468,226</u>
	<u>16,165,695</u>	<u>13,033,029</u>

	2009-2010	2008-2009
	Taka	Taka
30 Other expenses		
Staff training & recruitment expense	1,453,581	860,730
Office security	839,227	628,279
Transportation, traveling & conveyance	8,899,562	7,533,480
Canteen expense	1,455,148	1,061,492
Business promotion & entertainment	720,572	840,198
Car fuel	1,202,515	1,197,529
Books and papers	134,830	66,284
Bank charges	1,945,371	987,439
Subscription and Fees	1,652,217	935,102
Public relation & AGM expense	1,165,195	1,031,213
Outsource agency charges	2,066,856	1,583,269
Staff welfare	700,000	348,057
Loss on disposal of fixed asset	23,745	-
Donation	1,000,000	-
Misc expense	86,894	40,827
	<u>23,345,713</u>	<u>17,113,899</u>
31 Retained Earnings		
Balance as on July 01	123,028,074	101,914,234
Add: Profit after tax for the year transferred from Profit & Loss Account	307,350,858	233,892,300
Accumulated profit available for distribution	<u>430,378,932</u>	<u>335,806,534</u>
Less: Appropriations		
Transferred to statutory reserve	61,470,172	46,778,460
Transferred to contingency reserve	60,000,000	60,000,000
Transferred to dividend equalisation reserve	15,000,000	15,000,000
Dividend on preference share	10,000,000	10,000,000
Cash dividend paid for last year	59,670,000	-
Issue of bonus shares for previous year	52,650,000	81,000,000
	<u>258,790,172</u>	<u>212,778,460</u>
Balance as on June 30	<u>171,588,760</u>	<u>123,028,074</u>
32 Earnings per share		
Profit after Tax	307,350,858	233,892,300
Less: Preference share dividend	10,000,000	10,000,000
Profit available for ordinary shareholders	<u>297,350,858</u>	<u>223,892,300</u>

	2009-2010 Taka	2008-2009 Taka
Ordinary shares outstanding until 30 June 2009	3,510,000	3,510,000
Bonus issue (15%) during 2010	526,500	526,500
Number of shares outstanding for calculating basic EPS	4,036,500	4,036,500
Basic earnings per share	74	55

33 Dividend on Preference Shares

A dividend of Tk. 25,000 (2008-2009 :Tk. 25,000) per preference share of Tk.100 each amounting to Tk. 10,000,000 is payable during the year under audit.

34 Dividend on ordinary shares

a. Proposal of dividend

The Board of Directors in its 58th Meeting held on 22 September 2010 has recommended 25% stock dividend and 10% cash dividend for the year ended 30 June 2010 for placement before shareholders for approval at 14th Annual General Meeting of the Company.

b. Bonus share issued to non-resident shareholders:

The Company's non-resident shareholders as on 30 June 2010 include two foreign investors holding total 986,700 shares (2008-09 :858,000). The shareholders in its 13th AGM approved 15% stock dividend and 17% cash dividend for the year ended 30 June 2009. Accordingly 128,700 bonus shares amounting to Tk. 12,870,000 were issued and cash dividend remitted duly to non-resident shareholders during the year under review.

35 Foreign currency inward/outward remittance

Name of the Organisation	Currency	Particulars	Amount in FC	Amount in Tk.
International Finance Corporation	USD	Principal	381,072	25,930,393
International Finance Corporation	USD	Interest	19,989	1,387,253
FMO	BDT	Principal	-	96,329,817
FMO	BDT	Interest	-	51,994,137
International Finance Corporation	USD	Conference Participation Fees	1,000	69,630
Singapore Institute of Management	SGD	Membership Renewal Fees	80	4,236

36 Related party transaction

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

Name of the related parties	Relationship	Particulars	Expenses incurred during the year Taka	Balance payable as at 30 June 2010 Taka
Delta Life Insurance Company Limited	Shareholder	Insurance premium	489,103	-
Green Delta Insurance Company Limited	Do	Insurance premium	582,357	-
International Finance Corporation (IFC)	Do	Interest	1,404,900	-
International Finance Corporation (IFC)	Do	Borrowing	-	26,200,190

37 Number of Employees

During the year under audit, there were 149 (2008-2009: 110) employees employed for the full period and 16 (2008-2009:24) employees for less than full period at a remuneration of Taka 3,000 and above per month.

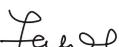
38 Receipts from other operating activities:

	2009-2010 Taka	2008-2009 Taka
Income from investments in securities	156,877,138	3,320,424
Income from property service	1,471,316	1,437,690
Miscellaneous receipts	4,116,861	2,567,029
	<u>162,465,315</u>	<u>7,325,143</u>

39 General Disclosure

39.1 Name of Directors and entities in which they have interest as Director as at 30 June 2010:

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. Md. Aminul Alam	Director	BRAC	Member, Governing body
Mr. Muhammad A. (Rumee) Ali	Director	BRAC Bank Ltd.	Chairman
		BRAC BD Mail Network Ltd.	Director
		Documenta TM Ltd.	Chairman
		Bangladesh Netting Factory Ltd.	Chairman
		BRAC Karnafuli Tea Co. Ltd.	Director
		BRAC Kayacherra Tea Co. Ltd.	Director
		BRAC Banshkhali Tea Co. Ltd.	Director
		BRAC Kodala Tea Co. Ltd.	Director
		BRAC Industries Limited	Director
		BRAC Services Ltd. (BRAC Centre Inn)	Chairman
		BRAC Equity Partners Ltd	Director
		BRAC Equity Partners Stock Brokerage	Director
		BRAC	Member, Governing body
BRAC Foundation	Member, Governing body		
Dr. Syed Mukarram Ali	Director	Delta Hospital Ltd.	Managing Director
		Delta Life Insurance Company Ltd.	Director
Mr. Nurul Huda	Director	Delta Life Insurance Co. Ltd.	Director
		Delta Hospital Ltd.	Director
Mr. Mohammed Syedul Islam	Director	Delta Life Insurance Co. Ltd.	Director
		Delta Hospital Ltd.	Director
Dr. Kabir Hussain Choudhury	Director	Green Delta Insurance Company Ltd.	Director
Mr. Nasir A. Choudhury	Director	Green Delta Insurance Company Ltd.	Managing Director
		Nascom (Pvt.) Ltd.	Chairman & MD
		Green Delta Financial Services Ltd.	Chairman
		Progressive Life Insurance Co. Ltd.	Director
Mr. Pradeep Kumar Mukherjee	Director	HDFC	GM Eastern Region India
Mr. Q.M. Shariful Ala	Managing Director	BRAC Bank Ltd.	Director
		Mobil Jamuna Lubricants Ltd.	Director
		Mobil Jamuna Fuels Ltd.	Director


Faruq A Choudhury
Chairman


Nasir A. Choudhury
Director


Q.M. Shariful Ala
Managing Director & CEO


S. H. Aslam Habib
Company Secretary & CFO

39.2 Audit Committee

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

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

During the period from July 2009 to June 2010, the audit committee of the Board conducted 4 (four) meetings.

SI No	Meeting No	Meeting Date
1	7th	27-Aug-09
2	8th	22-Dec-09
3	9th	2-Feb-10
4	10th	28-Jun-10

The Committee discussed among others, the following issues:

- Review of draft financial statements for the year ended 30th June 2009
- Review of quarterly internal control report
- Review of Bangladesh Bank Inspection Report
- Review of investment proposal

39.3 Events after the Balance Sheet date

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

39.4 Comparative Information

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


Faruq A Choudhury
Chairman


Nasir A. Choudhury
Director


Q.M. Shariful Ala
Managing Director & CEO


S. H. Aslam Habib
Company Secretary & CFO

Annexure-A

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

Particulars	C O S T			D E P R E C I A T I O N				Written down value of 30 June 2010
	Balance as on 1 July 2009	Additions during the year	Disposals during the year	Balance as at 30 June 2010	Charged for the year	Adjustment on disposals	Balance as at 30 June 2010	
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Free hold assets:								
Furniture & fixture	28,236,746	2,509,619	21,700	30,724,665	2,961,623	14,833	16,674,384	14,050,281
Equipment	35,034,792	2,512,112	681,864	36,865,040	3,966,347	577,819	21,493,788	15,371,252
Vehicles	5,934,478	4,491,480	-	10,425,958	1,091,069	-	5,100,504	5,325,454
Building	4,785,450	-	-	4,785,450	108,597	-	1,274,238	3,511,212
Land	1,143,750	-	-	1,143,750	-	-	-	1,143,750
	75,135,216	9,513,211	703,564	83,944,863	8,127,636	592,652	44,542,914	39,401,949
Lease hold assets:								
Motor vehicle	8,600,000	-	-	8,600,000	1,475,200	-	2,699,200	5,900,800
Intangible asset								
Software	1,160,195	-	-	1,160,195	213,143	-	520,765	639,430
Total 2010	84,895,411	9,513,211	703,564	93,705,058	9,815,979	592,652	47,762,879	45,942,179
Total 2009	72,492,091	16,508,420	4,105,100	84,895,411	8,564,803	2,959,230	38,539,552	46,355,859

Statement of Tax position
As at June 30, 2010

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



Delta Brac Housing Finance Corporation Limited

Head Office: Landmark Building, 12-14 Gulshan North C/A, Gulshan-2, Dhaka-1212
Phone: 8822374, 9882112, Fax: 9882110, Website: 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 14th Annual General Meeting of the Company to be held on December 8, 2010
(Wednesday) and any adjournment thereof.

Signed thisday of2010.

Signature.....

Name.....
(Member)

Folio/BO ID No.....



Signature.....

Name.....
(Proxy)

Folio/BO ID No.....

NOTE:

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



Delta Brac Housing Finance Corporation Limited

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

Attendance Slip

I hereby record my attendance at the 14th Annual General Meeting of Delta Brac Housing Finance Corporation Ltd. at **Spectra Convention Center Ltd**, House # 19, Road # 7, Gulshan-1, Dhaka as a holder ofshares 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.



