

Growing
Together
You & I

Annual Report
2014-15



9 YEARS OF TRIPLE A

AAA rating 9th consecutive year



Our credit rating provides the highest assurance of safety and security to our depositors and lenders. This achievement for the 9th consecutive year reflects our commitment to the trust placed on us by our valued clients and stakeholders.



DBH Home Loans | DBH Fixed Deposits





GROWING TOGETHER YOU & I

Hand in hand with
utmost trust we take a
journey towards a
more fulfilling life.
Together we can
achieve much more...



GROWING
TOGETHER
YOU & I



Unflinching Trust
You & I

Table of Contents

Letter of Transmittal	04	Events Highlights	49
Notice of the 19 th AGM	05	Report on Corporate Governance	51
Core Values, Corporate Profile & Corporate Responsibility	06	Certificate on Corporate Governance	63
Mission, Vision and Strategic Objectives	07	Report on Internal Control	64
Corporate Directory	08	Audit Committee Report	66
Profile of the Board of Directors	09	Green Banking Activities	70
Board Committees	18	Corporate Social Responsibility	71
Management & Executives	20	Disclosure on Capital Adequacy & Market Discipline	73
Operational and Financial Highlights	21	Report on Going Concern	81
Financial Highlights as required by Bangladesh Bank	22	Certification on Financial Statements by CEO and CFO	83
Historical Record of Dividend Payment	23	Independent Auditors' Report	85
Graphical Presentation of Performances	24	Balance Sheet	87
Value Added Statement	27	Profit & Loss Account	88
Market Value Added Statement	28	Cash Flow Statement	89
Economic Value Added Statement	29	Statement of Changes in Equity	90
Message from the Chairman	30	Liquidity Statement	91
Directors' Responsibility Statement	32	Notes to the Financial Statements	92
Directors' Report	33	Proxy Form & Attendance Slip	123

Letter of Transmittal

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

Dear Sir/Madam,

Re: Annual Report for the year ended June 30, 2015.

We are pleased to enclose a copy of the Annual Report together with the audited financial statements including balance sheet as at June 30, 2015, profit & loss account, cash flow statement and statement of changes in equity for the year ended on that date along with notes thereon for your kind information and record.

Thank you.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Jashim Uddin', with a stylized flourish at the end.

Jashim Uddin, FCS
Company Secretary

Notice of the 19th Annual General Meeting

Notice is hereby given that the 19th Annual General Meeting of the Shareholders of the Company will be held on December 8, 2015 (Tuesday) at 11.00 a.m. at The Eden Ball Room of Hotel Amari, House- 47, Road- 41, Gulshan-2, Dhaka-1212 to transact the following business:

1. Consideration and adoption of Directors' Report, Audited Financial Statements for the year ended June 30, 2015 and the Auditors' Report thereon.
2. Declaration of dividend for the year ended June 30, 2015.
3. Appointment/Re-appointment of Directors and confirmation of appointment of the Independent Directors.
4. Appointment of Auditors and fixation of their remuneration.

By order of the Board

Sd/-

Jashim Uddin, FCS
Company Secretary

November 15, 2015

Notes:

- a. Shareholders whose names appeared on the Depository/Members Register as on "Record Date" i.e. October 20, 2015 are eligible to attend the Annual General Meeting (AGM) and receive dividend.
- 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 at Tk. 20.00, must be deposited at the office not later than 48 hours before the time scheduled for holding the meeting and in default, Form of Proxy will be treated as invalid.
- c. In case of non-receipt of Annual Report of the Company sent through courier, Shareholders may collect the same from the Company's Share Department. Annual Report is also available in Financial Report section of the Company's website: **www.deltabrac.com**
- d. The concerned Merchant Banks and all Depository Participants (DPs) are requested to provide the soft/hard copies of the list of margin clients along with the bank details of the company to the following email address: **sajed@deltabrac.com** / share office of the Company for entitlement of dividend.

বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশনের নির্দেশনা অনুযায়ী আসন্ন বার্ষিক সাধারণ সভায় কোন প্রকার উপহার/খাবার/কোন ধরনের কুপন প্রদানের ব্যবস্থা থাকবে না।

Core Values

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

Corporate Profile

Delta Brac Housing Finance Corporation Ltd. (DBH) is the pioneer, largest and specialist in Housing Finance institution in the private sector of the country. After commencing operation in 1996 the company has registered commendable growth in creating home ownership in Dhaka and other major cities of the country. At the same time, the company has been playing an active role in promoting the real estate sector to the large cross sections of prospective clients who had but yet unfulfilled dream of owning a home.

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

Corporate Responsibility

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

Mission

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

Vision

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

Strategic Objectives

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

Corporate Directory

Head Office

Landmark Building (9th Floor)
12-14 Gulshan North C/A, Gulshan-2, Dhaka-1212
PABX: 09612 334455, +880 (2) 9842374, 58816001, 9882112, Fax: + 880 (2) 9882110

Corporate Website: www.deltabrac.com

Corporate e-mail: dbh@deltabrac.com

DBH Customer Center: 09612 222888

Branches

Dhanmondi Branch

Pantha Plaza (1st Floor), 63/A Lake Circus,
Kalabagan (West Panthapath), Dhaka-1205
PABX: 09612 334455, +880 (2) 8130906,
9124112, 58155745, Fax: +880 (2) 8117264

Motijheel Branch

D R Tower (7th Floor), 65/2/2, Purana Paltan,
Box Culvert Road, Dhaka-1000
PABX: 09612 334455, +880 (2) 7111774,
7111778, 9565053, Fax: +880 (2) 9554269

Uttara Branch

Union Nahar Square (4th Floor),
Sonargaon Janapath Road, Plot- 19,
Sector 13, Uttara, Dhaka-1230
PABX: 09612 334455, +880 (2) 8933057, 8991580
Fax: +880 (2) 8991538, Ext.-107

Chittagong Branch

BMA Bhaban (5th Floor)
1367, CDA Avenue, GEC Circle, Chittagong
PABX: 09612 334455, +880 (31) 2551224-6
Fax: +880 (31) 2551227

Sylhet Branch

19/A, Kumarpara Road, (1st Floor) , Kumarpara, Sylhet,
PABX: 09612 334455, + 880 (821) 722489, 722490

Bankers

BRAC Bank Limited
Citibank, N.A.
Commercial Bank of Ceylon PLC
HSBC
NRB Bank Limited

Prime Bank Limited
Pubali Bank Limited
Standard Chartered Bank
Standard Bank Limited

Auditors

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

Profile of the Board of Directors



Faruq A Choudhury
Chairman

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

Mr. Choudhury had diplomatic assignments in Rome, Beijing, The Hague and Algiers before being posted as a Director at the Pakistan Foreign Office. After the emergence of Bangladesh, he was appointed as the Chief of Protocol and later served as Deputy High Commissioner in London and Ambassador to the UAE in Abu Dhabi and as Ambassador to the then EEC and Benelux countries in Brussels. Later he was appointed as Additional Foreign Secretary in 1982. From 1984 to 1986 he was Foreign Secretary and when SAARC

was launched in 1985, he served as the Secretary General of the first SAARC summit. In 1986, he was appointed as High Commissioner to India in New Delhi from where he retired in 1992.

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

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



Nasir A. Choudhury

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

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

Mr. Choudhury is one of the sponsors of Union Capital Limited and Director of Progressive Life Insurance Co. Limited and United Hospital (Pvt.) Limited and Managing Director of Nascom (Pvt.) Ltd. Mr. Choudhury is also an Executive Committee Member of Bangladesh Insurance Association.

He was honored with "Lifetime Achievement Award" by The DHL-Daily Star in April 2010 for his outstanding contribution towards the development of the insurance industry in Bangladesh.

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



Rajeev Sardana



A Z Mohammad Hossain

Mr. Rajeev Sardana is a member of the Institute of Chartered Accountants of India. He has been working, since 1986, in different capacities for Housing Development Finance Corporation Limited (HDFC), the largest housing finance institution in India. He is presently working as a member of the Executive Management of the Corporation. He has also been involved in consultancy assignments undertaken by HDFC in various countries across Asia to support and establish their housing finance institutions.

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

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

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

In 1971 he joined the liberation movement in the UK and became the convener of "Bangladesh Students Action Committee" in the UK. At the request of the then Bangladesh Mission to UK Late Justice Abu Sayeed Chowdhury, he along with 3 others attended and lobbied for Bangladesh at the Inter-Parliamentary Conference held in Paris. He was also sent by Late Justice Abu Sayeed Chowdhury for the same purpose, to attend the Pug Wash Conference held at Siania, Romania. He returned to Bangladesh in 1995 and took the office of Managing Director of Chandra Spinning Mills Ltd.

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



Mehreen Hassan



Swapan Kumar Sarkar

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

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

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

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

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

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



Adeeba Rahman

Ms. Adeeba Rahman is an Associate of Chartered Insurance Institute (ACII- Life) UK and Chartered Insurer. She did her MBA from Rochester Institute of Technology (R.I.T.), New York, USA. She is also experienced in working with two International Banks, two Life Insurance Companies at different levels, as well as gathered experience from a renowned Securities Company and a Tea Company.

At the beginning of her career in Life Insurance, Ms. Rahman joined Delta Life Insurance Company Ltd. in January 2002. In her service time, she was Head of Marketing, Underwriting, Policy Servicing, Actuarial, Human Resource Development and Control & Compliance department and developed as well as executed various strategic guidelines and action plans of the Company. She chaired the Claims Committee and assisted in claim control and faster claim processing at Delta Life Insurance Company.

Ms. Rahman served as Additional Managing Director of Popular Life Insurance Company Ltd. from March 2006 to March 2013.

Being a Chartered Insurer and an Associate Member of Chartered Insurance Institute, UK accompanied by long outstanding experience of more than 14 years in almost all the areas of life insurance business. Ms. Adeeba Rahman, joined again in Delta Life Insurance Company Ltd. and serving as Additional Managing Director and is responsible for supervising and controlling the activities of some important departments like Business Development, Actuarial, IT, Re-insurance, Claims and Servicing etc.

She has been a Director of DBH, nominated by Delta Life Insurance Company Limited, since December 2013.



Dr. A M R Chowdhury

Dr. Mushtaque Chowdhury is the Vice Chair of BRAC, the world's largest non-governmental organization. Previously, he was its Deputy Executive Director, founding Director of the Research and Evaluation Division and founding Dean of the James P. Grant School of Public Health. Dr. Chowdhury is also a Professor of Population and Family Health at the Mailman School of Public Health of Columbia University in New York. During 2009-12, he worked as the Senior Adviser to the Rockefeller Foundation, based in Bangkok, Thailand. He also served as a MacArthur Fellow at Harvard University. Dr. Chowdhury holds a PhD from the London School of Hygiene and Tropical Medicine, an MSc from the London School of Economics and a BA (Hon's.) from the University of Dhaka.

Dr. Chowdhury was a coordinator of the UN Millennium Task Force on Child Health and Maternal Health, set up by the former Secretary General Kofi Annan. He is a co-recipient of the 'Innovator of the Year 2006' award from the Marriott Business School of Brigham Young University in USA and in 2008 he received the PESON oration medal from the Perinatal Society

of Nepal. Dr. Chowdhury has published over 150 articles in peer-reviewed international journals including the International Journal on Education, the Lancet, the Social Science & Medicine, The Scientific American and the New England Journal of Medicine.

Dr. Chowdhury is a founder of the Bangladesh Education Watch and Bangladesh Health Watch, two civil society watch-dogs on education and health respectively. He is on the board and committees of several organizations and initiatives, including: Board of Trustees of BRAC University in Bangladesh, and International Advisory Board of the Centre for Sustainable International Development at the University of Aberdeen in UK.

He has been a Director of DBH, nominated by BRAC, since February 2015.



Mr. Mahibul Islam Chowdhury

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

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

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

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



Dr. A K A Mubin

Dr. A K A Mubin did his M.A. in Economics from the University of Dhaka and completed his Ph.D. in Development Economics from Strathclyde University, Glasgow, U.K. Subsequently as a part of his training programme, he underwent various training, such as 'Budgetary Process and the Analysis at EDI, World Bank', 'Financial Programming and Policy at IMF', 'Washington D.C, International Management Exchange at Federation of Korean Industries, Korea' and 'Banking Supervision at Federal Reserve System Training Center, Washington USA'.

He served in various capacities and was appointed as the Secretary, Jamuna Bridge Division, Ministry of Communication, Govt. of Bangladesh, Additional Secretary (Budget, Regulation, Foreign Exchange and Administration), Finance Division, Ministry of Finance, Govt. of Bangladesh, Chairman, Bangladesh Parjatan Corporation and Managing Director, Bangladesh Shilpa (Industrial) Bank (BSB).

Mr. Mubin was also the Member in the Boards of Directors of various institutions in Bangladesh, including Securities and Exchange Commission, Bangladesh Bank of Small Industries and Commerce Ltd. (BASIC Bank), International Finance and Investment Co. Ltd. (IFIC Bank), Bangladesh Krishi

Bank, Security Printing Corporation of Bangladesh, Investment Corporation of Bangladesh, National Tea Company, and Chittagong Stock Exchange.

At present, he is the Chairman, National Tea Company, Executive Chairman, United Air Bangladesh Ltd., Chairman, Peninsula Asset Management Company Limited, Chairman, Doer, IT based financial service provider and Director, National Credit Rating. Mr. Mubin, as a Social Worker involved with various societies like, Bangladesh Economic Association, Bangla Academy and ENT and Head-Neck Cancer Foundation and Safe Home for Girls.

He has been an Independent Director of DBH, since September 2015.



Quazi Mohammad Shariful Ala
Managing Director & CEO

Mr. Quazi Mohammad Shariful Ala is the Managing Director & CEO of the Company. Mr. Ala graduated with a BSc (Economics) first class honours degree from the London School of Economics (LSE), University of London in 1981. He joined the London office of Price Waterhouse in 1981 and qualified as a member of the Institute of Chartered Accountants in England & Wales in 1984 and left Price Waterhouse in 1987. He is also a fellow of the Institute of Chartered Accountants of Bangladesh. Prior to joining DBH, he was the Finance Director of Green Delta Insurance Company Limited, one of the corporate sponsors of DBH.

He has extensive finance and corporate management experience, primarily in the financial services sector, both in Bangladesh and in the United Kingdom. He has served as a non-executive

Director on the Boards of several prominent companies, including BRAC Bank Limited, MJL Bangladesh Limited, Omera Fuels Limited, Omera Petroleum Limited, Unicap Securities Limited and Omera Cylinders Limited.

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

Board Committees

Audit Committee

Mr. M I Chowdhury
Chairman

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

Executive Committee

Ms. Mehreen Hassan, Bar-at-law
Chairperson

Ms. Adeeba Rahman, ACII-Life
Dr. A M R Chowdhury
Mr. Q. M. Shariful Ala



GROWING
TOGETHER
YOU & I



Reaching
New Heights
You & I

Management and Executives

Q. M. Shariful Ala
Managing Director & CEO

Tanvir Ahmad
Head of Human Resources

Nasimul Baten
Head of Operations

A. K. M. Tanvir Kamal
Head of Credit

Md. Hassan Iftekhar Yussouf
Head of IT

Saiyaf Ejaz
Head of Recovery & Administration

Md. Zakaria Eusuf
Head of Branch - Head Office

Syed Aminul Islam
Head of Finance

Md. Fakrul Amin
Head of Legal

Tabassum Samad Chowdhury
Head of Deposit Operations

Moahedul Mowla
Head of Branch - Chittagong

Md. Golam Rosul
Head of Branch - Dhanmondi

Sabed Bin Ahsan
Branch Manager - Uttara

Khandaker Imran Habib
Manager - Sales

Md. Ariful Bari Rumi
Branch Manager - Motijheel

Khandaker Satil Sayeed
Controller of Accounts

Jashim Uddin
Company Secretary

Nahid Ahmed
Manager - Treasury

Mohammad Manjurul Alam
Manager - Sales

Md. Mamunur Rashid Bhuiyan
Manager - Recovery

Kazi Hasanul Islam
Manager - Loans

A. H. M. Mostofa Kamal
Manager - Technical

Siddhartho Sangkor Kirtonia
Manager - IT

Mir Md. Mukhlesur Rahman
Manager - Credit

Imtiaz Elahi
Manager - Brand & Communications

Bidhan Krishna Ghosh
Business Development Manager

Oliul Haque Khandaker
Manager - Administration

Md. Mustaqimur Rashid
Manager - Human Resources

Md. Mamun-Ur-Rashid
Manager - IT

Md. Rasel Sarker
Manager - IT

Md. Saiful Alam Talukder
Manager - Loans

Operational and Financial Highlights

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

Operational Highlights	30-Jun-11	30-Jun-12	30-Jun-13	30-Jun-14	30-Jun-15
Loan sanction	6,128	5,757	5,405	6,834	7,715
Loan disbursement	6,460	5,904	5,357	6,583	7,769
Cumulative disbursement	34,997	40,901	46,258	52,841	60,610
Cumulative sanction	36,161	41,948	47,353	54,187	61,902

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

Financial Highlights	30-Jun-11	30-Jun-12	30-Jun-13	30-Jun-14	30-Jun-15
Profit before tax	907	765	1,009	1,199	1,259
Profit after tax	502	404	528	607	685
Shareholders' fund	1,756	2,151	2,569	2,776	3,171
Total deposit	13,308	15,751	19,540	21,550	24,703
Long term borrowing	7,131	7,087	7,218	5,039	4,339
Housing loan portfolio	21,115	23,598	24,901	26,831	29,030
Total balance sheet size	24,501	27,641	33,004	33,945	35,686
NPL ratio (%)	0.14%	0.20%	0.26%	0.22%	0.30%
Return on equity (average equity)	34.40%	21.27%	22.95%	22.78%	23.05%
Earnings per share	9.75	3.91	4.47	5.15	5.90
Earnings per share (restated)	4.24	3.4	4.47	5.15	5.90
Book value per share	32.83	20.32	21.27	23.92	27.32

Financial Highlights as required by Bangladesh Bank

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

Financial Highlights	30-Jun-15	30-Jun-14
Paid up capital	1,160	1,160
Total capital	3,171	2,776
Capital surplus/(deficit)	160	160
Total assets	35,686	33,945
Total deposits	24,703	21,550
Total loans & advances	29,248	27,087
Total contingent liabilities and commitments	421	444
Credit deposit ratio (times)	1.18	1.26
Percentage of classified loans against total loans and advances	0.30%	0.22%
Profit after tax & provision	685	607
Amount of classified loans during current year	87.68	58.81
Provision kept against classified loans	87.68	58.81
Provision surplus/ deficit	695.23	475.82
Cost of fund	9.64%	11.32%
Interest earning assets	34,529	32,864
Non interest earning assets	1,157	1,081
Return on equity (ROE)	23.05%	22.78%
Return on asset (ROA)	1.97%	1.81%
Income from investment	13	20
Earnings per share	5.90	5.15
Net income per share	5.90	5.15
Price earning ratio	13.76	12.04

Historical Record of Dividend Payment

The Company started its journey in early 1997 and was able to pay the dividend to its shareholders since 2000. The historical record of payment of

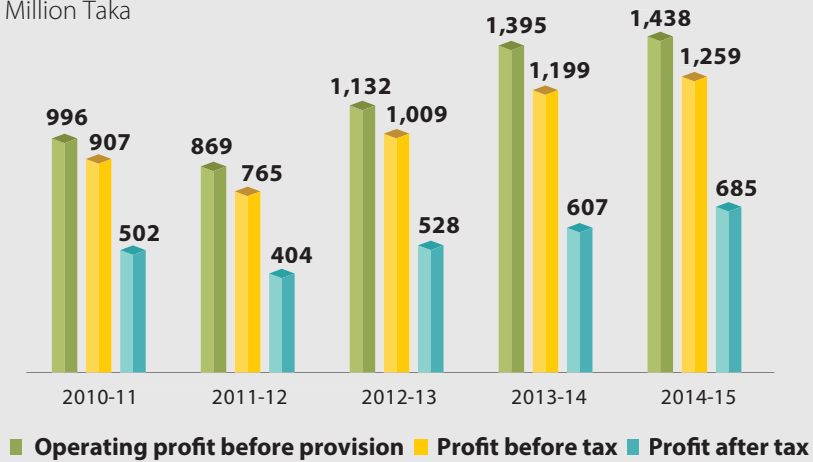
dividend is given hereunder as general disclosure to the stakeholders of the Company.

Year	Paid-up Capital (Tk.)	Dividend (%)
1999-2000	20,00,00,000.00	7.50 (Cash)
2000-2001	20,00,00,000.00	12.00 (Cash)
2001-2002	20,00,00,000.00	15.00 (Cash)
2002-2003	20,00,00,000.00	15.00 (Cash)
2003-2004	20,00,00,000.00	18.00 (Cash)
2004-2005	20,00,00,000.00	22.00 (Cash)
2005-2006	22,00,00,000.00	25.00 (10% stock & 15% Cash)
2006-2007	22,00,00,000.00	30.00 (Cash)
2007-2008	27,00,00,000.00	New Issue of Tk. 500,00,000 (IPO)
2007-2008	35,10,00,000.00	30.00 (Stock)
2008-2009	40,36,50,000.00	32.00 (15% Stock & 17% Cash)
2009-2010	50,45,62,500.00	35.00 (25% stock & 10% Cash)
2010-2011	100,91,25,000.00	100.00 (Stock)
2011-2012	116,04,93,750.00	25.00 (15% stock & 10% Cash)
2012-2013	116,04,93,750.00	25.00 (Cash)
2013-2014	116,04,93,750.00	25.00 (Cash)

Financial Performance

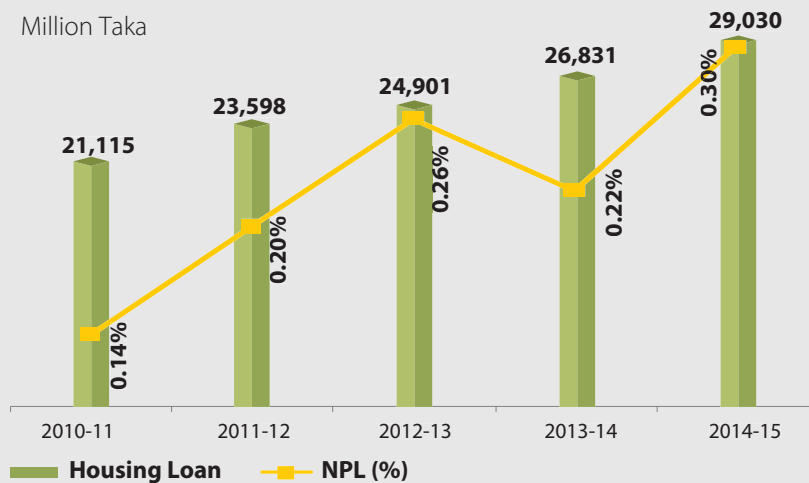
Profits

Million Taka



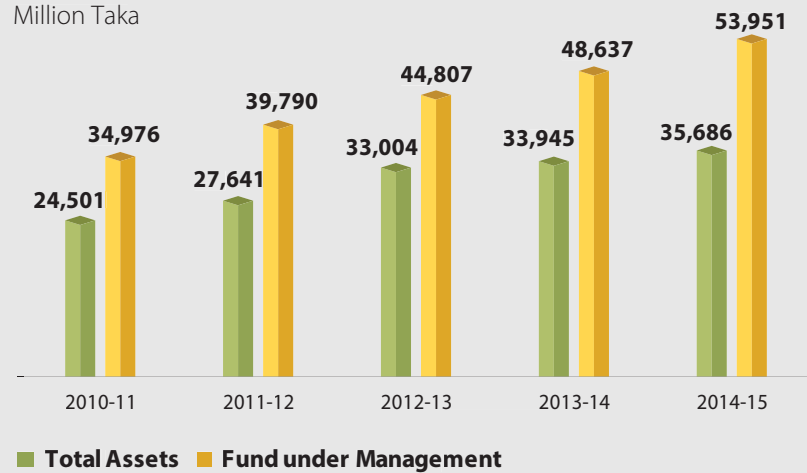
Housing Loan Portfolio & Performance

Million Taka

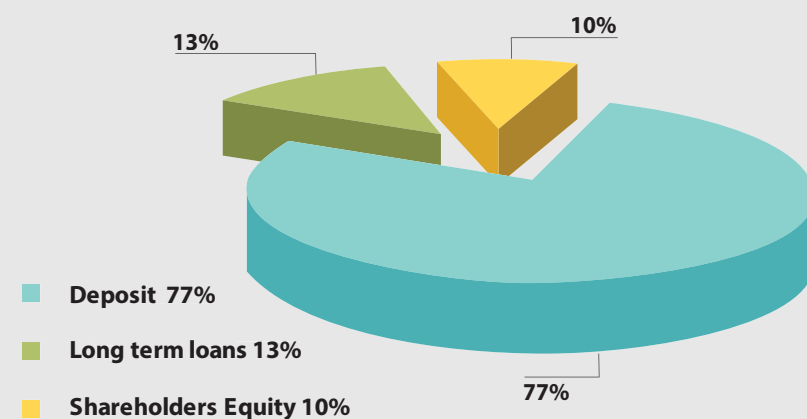


Total Assets & Fund Under Management

Million Taka

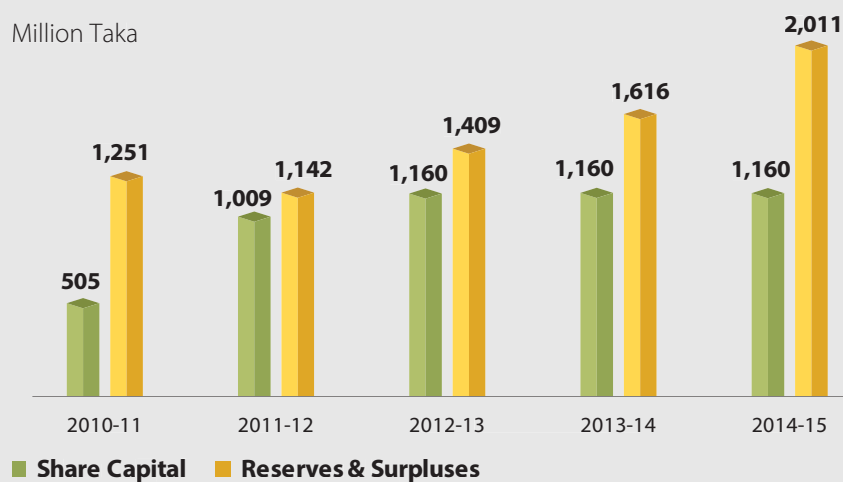


Fund Employed



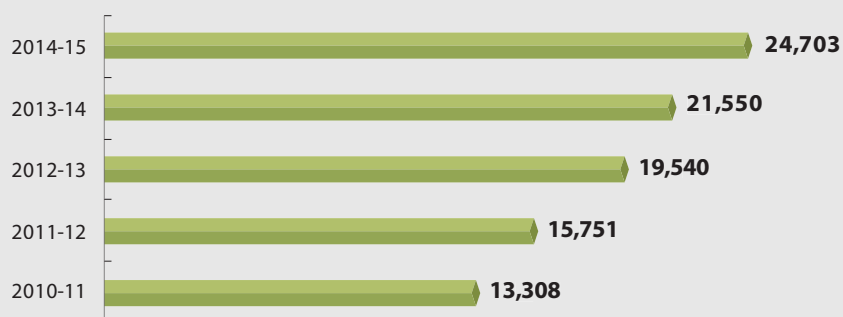
Equity

Million Taka



Deposits

Million Taka



Value Added Statement

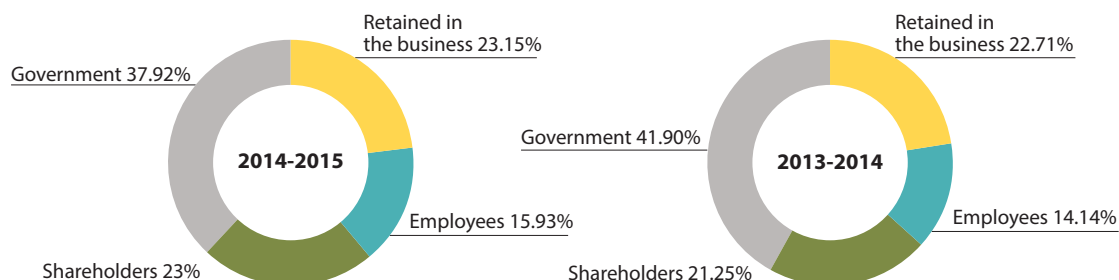
For the year ended June 30, 2015

Value added is the wealth DBH has created through extending mortgage loan and various services. The value added statement shows the total worth created and how the same was

distributed to meet various obligations and reward those responsible for its creation. A portion also retained in the business for continued operation and expansion of DBH.

Figures in BDT

Particulars	2014-2015		2013-2014	
	Amount	%	Amount	%
Value added				
Net interest income	1,638,130,927	108.21%	1,564,047,111	110.73%
Fees earned	104,390,616	6.89%	98,475,718	6.97%
Investment income	12,986,809	0.86%	19,602,473	1.39%
Other income	28,028,566	1.85%	28,284,739	2.00%
Operating expense except salary & allowances, depreciation & amortization	(91,314,533)	-6.03%	(102,450,165)	-7.25%
Provision for loan, advances & investments	(178,367,758)	-11.78%	(195,513,637)	-13.84%
Total value added by the company	1,513,854,627	100%	1,412,446,239	100%
Distribution of value added				
Employees				
As salary & allowances	241,158,656	15.93%	199,659,414	14.14%
Provider of capital				
Dividend to ordinary shareholders	348,148,125	23.00%	290,123,438	20.54%
Dividend to preference shareholders	-		10,000,000	0.71%
Government				
Income tax	574,138,286	37.92%	591,849,677	41.90%
Retained for business growth				
Earning retained in the business	337,105,599	22.27%	307,220,124	21.75%
Depreciation and amortization	13,303,961	0.88%	13,593,586	0.96%
Total distribution	1,513,854,627	100%	1,412,446,239	100%



Market Value Added (MVA) Statement

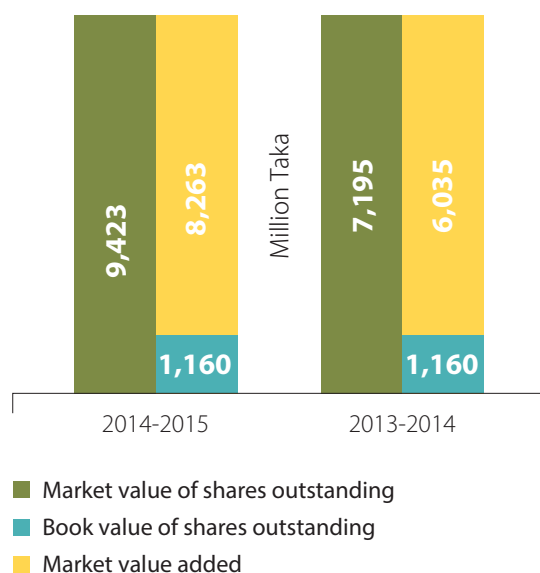
Market Value Added statement gives a picture of the Company's performance evaluated by the capital market investors through the share price of the company. This statement depicts the difference between the market value of a company and the capital contributed by the investors.

Higher MVA is better for the company. A high MVA indicates that company has created substantial

wealth for the shareholders. A negative MVA means that the value of management's actions and investments are less than the value contributed to the company by the capital market.

Market Value Added represents the confidence that the market places on the future stream of EVAs. The following statement shows how MVA has been arrived at for the year ended June 30 2015 and 2014.

Particulars	Amount in BDT	
	2014-2015	2013-2014
Market value of shares outstanding	9,423,209,250	7,195,061,250
Book value of share outstanding	1,160,493,750	1,160,493,750
Market value added	8,262,715,500	6,034,567,500



Economic Value Added (EVA) Statement

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

Economic Value Added is the surplus generated by an entity after meeting an equitable charge towards providers of capital. It is the post-tax return on capital employed (adjusted for the tax shield on

debt) less the cost of capital employed. Companies which earn higher returns than cost of capital create value, and companies which earn lower returns than cost of capital are deemed harmful for shareholders value.

EVA has been calculated by the following formula:

$$\text{EVA} = \text{Net operating profit} - \text{Taxes} - \text{Cost of capital}$$

Particulars	Amount in BDT	
	2014-2015	2013-2014
Net operating profit	1,437,759,768	1,394,706,876
Provision for taxes	574,138,286	591,849,677
Net operating profit after tax (NOPAT)	863,621,482	802,857,199
Charges for capital		
Capital employed	3,937,563,342	3,449,305,282
Cost of equity (%)	11.40%	12.10%
Capital charge	448,882,221	417,365,939
Economic value added	414,739,261	385,491,260
Capital employed as on June 30		
Shareholder's equity	3,170,916,416	2,775,786,130
Accumulated provision for doubtful accounts and future losses	1,053,538,105	874,886,032
Total capital employed	4,224,454,521	3,650,672,162
Average capital employed	3,937,563,342	3,449,305,282

Message from the Chairman

Dear Shareholders,

It is a great pleasure for me to welcome you all to the 19th Annual General Meeting (AGM) of the Company. On behalf of the Board of Directors, I would like to take this opportunity to express my heartfelt gratitude to you all for the continued confidence and trust that you have placed in us and in our endeavors.



In the year 2014 - 2015, our expertise and financial strength have continued to be tested in difficult market conditions. However our service quality together with our in-depth market specialization, conservatism and our straightforward character stood us in relatively good stead.

The slow recovery in the real estate sector continued to affect our portfolio growth during this year. The housing loan portfolio of DBH stood at Taka 29.03 billion at the close of June 30, 2015. It may be worth mentioning that in the face of difficult economic situation the quality of our assets continues to be strong with non-performing loans remaining below half percent. Presently, DBH has funds under management in excess of Taka 53.95 billion.

The sluggish growth of real estate industry coupled with downward movement of interest rates on our adjustable rate home loan portfolio, has also affected our profitability. The operating profit before provisions stood at Taka 1,437.76 million. The Board has recommended Tk. 3.00 per share (30%) as cash dividend out of profit for the year ended June 30, 2015.

I am pleased to inform you that DBH has retained its highest credit rating of 'AAA' (triple A) for the 9th consecutive year. As a matter of fact, among all local banks and financial institutions, DBH is the only one to have retained the highest credit rating in such a consecutive manner. This in itself is a testament to the outstanding financial resilience of the Company.

As mentioned earlier, the business growth in the housing industry has not met our expectations. The demand for property is still very high, but unfortunately the unstable and uncertain economic situation created by volatile political situation has hampered people's investment in country's real estate sector. Also the price level, though corrected somewhat in recent years, is still considered as high for the middle income households. Understandably, the anticipation of further price correction and uncertainty about political situation are causing large groups of these potential customers to hold back.

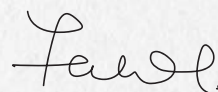
Development of affordable housing is paramount to sustainable growth of real estate sector. However, due to inadequate policy support, the real estate developers of our country have been doing business mainly by catering to the upper and upper-middle income group whereas the middle income and low income households are still untapped. With the largest segment of the population belonging to these income groups, the real estate business has a huge growth potential in this country. But the lack of community services like educational institutions, hospitals, lack of proper transportation facilities are deterring the establishment of township projects outside the metropolitan areas. Real estate market must grow beyond the city centre areas to establish a sustainable price level which will make housing affordable for all.

As a pioneer in the housing finance industry of the country DBH has recognized the need for geographical diversification of the housing sector. This year DBH has opened new sales offices at city outskirts like Gazipur, Savar, Mirpur and Narayanganj. These latest additions to the DBH distribution network will cater to the gradually increasing middle and lower income groups

living outside metropolitan cities and also play an important role in establishing a balanced growth in the real estate sector of the country.

Our core objective for 2015 - 2016 is to broaden our customer base and to deepen the relationship we have with our customers, harnessing the growing strength of the DBH brand and our core competency. Against the back drop of the prevailing weak real state scenario, the outlook for 2015-2016 is challenging. However, we have firm faith in our expertise and motivation to develop ourselves through innovating strategies, expanding partnership and maximizing value to the shareholders.

I thank all our shareholders and my colleagues in the Board of Directors for their guidance and support. I also convey my sincere appreciation to the management and staff of DBH for their dedication and hard work under the able guidance of the Managing Director. I am also thankful to the Bangladesh Bank, Bangladesh Securities & Exchange Commission (BSEC) and the Registrar of Joint Stock Companies and Firms and the DSE & CSE for their support. We look forward to leveraging on the opportunities and face the challenges which will arise in the coming days.



Faruq A Choudhury
Chairman

Directors' Responsibility Statement

Responsibility to Financial Statements

The Board of Directors of Delta Brac Housing Finance Corporation Limited would like to inform that the audited accounts containing the Financial Statements for the year ended 30th June 2015 are in conformity with the requirements of the Companies Act- 1994, Financial Institutions Act-1993, International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted by ICAB, Securities & Exchange Rules- 1987 and the Listing Regulations of Dhaka and Chittagong Stock Exchanges and they believe that the financial statements reflect fairly the form and substance of transactions carried out during the year and reasonably present the Company's financial condition and results of operations. These Financial Statements are audited by the Statutory Auditors, M/s. A. Qasem & Co. Chartered Accountants, Dhaka.

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

- (i) In the preparation of accounts, the applicable accounting standards have been followed;
- (ii) They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 30th June, 2015 and the profit of the Company for the year ended on that date;

(iii) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1994 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

(iv) They have prepared the annual accounts on going concern basis.

Responsibility to Internal Control System

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

Opinion of the External Auditors

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

Directors' Report

Dear Shareholders,

The Directors of Delta Brac Housing Finance Corporation Limited have the pleasure of presenting the Directors' Report of your Company together with audited accounts for the year ended 30th June 2015.

Bangladesh Economy

Despite being challenged by political instability, weak global markets and structural constraints, the overall economic growth of Bangladesh has carried on its track in the fiscal year 2014-15. The fiscal year ended with quite a few macroeconomic high points including lower inflation, declining interest rate, stable exchange rate, manageable fiscal deficit, positive balance of payments and augmented foreign exchange reserves.

On looking back, in the FY 14-15 Bangladesh has been able to maintain its journey towards achieving sustainable economic growth. According to the provisional estimate of Bangladesh Bureau of Statistics (BBS) Bangladesh's GDP has grown at a rate of 6.51 percent in the FY 14-15 which were 6.06 and 6.01 in the previous two years respectively. The GDP growth rate for FY 14-15 was 0.8 percentage point lower than the targeted 7.3 percent. Among the large contributing sectors in GDP, the industrial sector and service sector achieved higher growth rates than previous year and has grown at a rate of 9.60 percent and 5.83 percent respectively. On the contrary growth rate of agricultural sector has gone down to 3.04 percent from 4.37 percent in the previous fiscal year.

Annual average inflation has gradually decreased throughout the FY 14-15 and reached 6.40 percent in June 2015 from 7.3 percent in the previous year. On a point-to-point basis overall inflation in July 2014 was 7.04 percent and has reduced by 0.79

basis points to reach 6.25 percent in June 2015. However, while food inflation followed a declining trend, non-food inflation increased. With careful monitoring and guideline Bangladesh Bank has contained the inflation rate within the targeted 6.5 percent.

Exports rose by 3.35 percent year-on-year to USD 31.2 billion in FY 2015 from USD 30.19 billion in FY 2014. Exports have been riding on the slow lane for the majority of FY 14-15 period as garments exports, which makes up for the lion's share of Bangladesh's export earnings showed limited growth. Exporters also faced added difficulties in Euro zone, which accounts for close to 60% of the country's export earnings, as Euro zone growth remained sluggish and Euro depreciated by over 20 percent against the Bangladesh Taka (BDT) hurting price competitiveness. But from March this year, exports started picking up due to the apparel retailers' reinstatement of confidence in Bangladeshi garments industry after positive notes on workers safety standards by two foreign inspection agencies Accord and Alliance.

Imports grew by 12.20 percent to USD 37.23 billion during the first 11 months against USD 33.18 billion in the corresponding period of the previous fiscal year, whereas import settlements for July-May period amounted to USD 35.17 billion, up 3.81% from USD 33.88 billion for the same period of last fiscal year. Payment of import bills for fuel shrank due to slump in price in the international market. As per Central Bank reports, capital machinery and raw materials imports made up most of the rise in imports, which also indicates to rising investments and an expansion of production capacity in the near term.

Bangladesh has turned back the trend towards growing remittance and in the first nine months of FY 14-15 total remittance inflow stood at USD 15.31 billion. This was 7.60 percent higher than the

amount at the same time of last year. Trade deficit increased in FY 14-15 as compared to the previous year, due to increased foreign investment. Capital and financial account surplus increased and the Balance of Payment account maintained an overall surplus of USD 3.59 billion as of May 2015. This has also led to an increase in the Foreign Currency reserve in the fiscal year 2014-15. As on June 30, 2015 the foreign currency reserve stands at USD 25.02 billion which is enough to meet the import expenses of 7 months.

During the first four months of FY 15, BDT gained steadily against the US Dollar, with the pair trading at 77.40 at the end of September. In November and December, there was a hike in demand for the greenback backed by sluggish exports and large payments for petroleum products, capital machinery and government infrastructure projects when dollar jumped to trade at around 77.95 against Taka. From the beginning of January 2015, the FX market cooled down gradually as political unrest deterred import orders in the beginning months and exports and remittances also picked up in the following months. By the end of January, USD/BDT dropped to 77.80. USD/BDT traded unchanged at 77.80 from the end of January till the end of the fiscal year.

In FY 2014-15 the Dhaka Stock Exchange (DSE) improved both in terms of index value and trade volume. The number of listed companies and issued securities grew at a reasonable pace. At the end of June 2015, the number of listed securities at DSE stood at 555 which was 536 in June 2014. Market capitalization of DSE stood at BDT 3247.31 billion at June 30, 2015. DSEX Index increased by 2.29 percent on a year-on-year basis and closed the year on 4,583.11 points.

Performance of Financial Sector in 2014-15

In FY 2014-15 the Central Bank maintained policy continuity in formulating and implementing inclusive and investment friendly monetary policy. The policy was aimed at achieving the desired level of growth while keeping inflation within a

tolerable limit. To stimulate growth by providing financial assistance to the productive sector was one of the key objectives of the monetary policy for the FY 2014-15. In the monetary policy for the second half of the FY 15 (Jan-Jun), the target was set to keep inflation rate at 6.5 percent, which was 7.35 percent in FY 13-14.

Due to the excess liquidity prevalent in the market, interest rates continued to decline throughout the year. In June 2015, weighted average deposit rate for scheduled banks has gone down to 6.80 percent from 7.79 percent in June 2014. On the other hand weighted average lending rates of scheduled banks also went down to 11.67 percent in June 2015, from 13.10 percent in June 2014. The interest rate spread also reduced to 4.87 percent in June 2015 from 5.31 percent during the same time previous year which indicate that market lending rates decreased more than the rates on deposits. Understandably, amidst ample liquidity the overnight rates were relatively low. Call money rate went up at the beginning of Q3FY15 and reached as high as 8.57 percent (weighted average). Subsequently it continued to decline for the rest of the FY and stood at 5.79 percent at the close of June 2015.

The ratio of non-performing loans (NPL), in both gross and net terms, increased at the end of Q3FY15 compared to the end of Q2FY15. Gross NPL went up from 9.7 percent at the end of Q2FY15 to 10.5 percent at the end of Q3FY15. The deterioration was across the board for all type of banks except FCBs, but particularly for SOCBs and specialized banks. Unstable macroeconomic conditions and the withdrawal of relaxation in the loan rescheduling standard might have contributed to the accumulation of higher reported non-performing loans. However when compared to previous year's closing figure, the concentration of NPLs among banks has decreased marginally, indicating a positive sign for the banking industry. The non-performing loan (NPL) ratio for NBFIs stood at 7 percent at the close of Q3FY15 compared to previous year's closing of 5.4 percent.

During Q3FY15, the capital adequacy ratio (CAR) for all banks remained unchanged from previous year's closing of 10.70 percent marginally surpassing the minimum regulatory requirement of 10 percent. On the other hand the capital adequacy ratio for the NBFIs decreased marginally from 21.2 percent of Q2FY15 and closed at 20.1 percent by the end of Q3FY15. Risk weighted assets (RWA) for the Banks & NBFIs stood at 6461.0 billion and 5116.5 billion respectively.

Among the profitability measures, both the return on assets (ROA) and return on equity (ROE) decreased by 0.06 and 3.1 percentage points at the end of Q3FY15 with respect to the position of the previous quarter, and reached the level of 0.64 and 5.6 percent respectively. For the NBFIs the ROA and ROE were 1.2 percent and 6.7 percent in the 3rd quarter of FY 15 which is a marked decrease from 2nd quarter results of 2.0 percent and 10.9 percent.

At the end of February in FY 2014-15 internal credit increased by 10.64 percent which was 11.78 percent during the same time period of previous year. Within this time period, credit in private sector grew by 13.61 percent while net credit in public sector had a negative growth of 4.58 percent. At the end of Q3FY15 total outstanding loans and advances of the banking industry stood at Taka 5,481.3 billion. The weighted average advance to deposit ratio (ADR) for all the banks was 70.5 percent at the end of March 2015 which again reflects the languid investment scenario prevailing in the economy.

Government security rates also fell, including long term bond yields. The rate of 30-day Bangladesh Bank bills decreased to 5.25 percent in June 2015 from 5.9 percent in June 2014. Overall yields on short term treasury bills e.g., 91-day decreased to 5.39 percent in June 2015, from 6.85 percent in June, 2014 and 182-day, 364-day treasury bills rates fell to 6.35 and 6.7 percent respectively at end of June, 2015 from 7.54 and 8.00 percent respectively at the end of June, 2014. Yields on long-term bonds such as 2-year, 5-year, 10-year,

15-year, 20-year BGTB also decreased to 8.5, 9.45, 10.82, 11.4 and 11.97 percent at the end of June 2015 from 8.80, 10.10, 11.67, 11.97 and 12.12 percent respectively in June, 2014.

Central Bank continued its reform activities this year with a core focus on ensuring financial stability and inclusion of the Banks, Non-bank Financial Institutions (NBFIs) and Micro Finance Institution (MFIs) operating in the market. It also increased its emphasis on increasing SME financing and women empowerment. The directive of BB to establish women entrepreneur help desk in every financial institution was an important step towards promoting women entrepreneurship. The Central Bank has also taken strong initiatives to prevent Money Laundering and Terrorist Financing by creating awareness about Anti Money Laundering and Combating Terrorist Finance.

Real Estate Industry Outlook and Possible Future Development

The real estate sector is still going through the recovery stage from the setback it suffered in 2011. The sector had been performing well from 2004 to 2009 period in all aspects. The price started to increase sharply in 2009-10 due to huge influx of undisclosed money in the real estate sector, mostly derived from the capital market. After the crash of stock market in 2010-11, the real estate sector was severely affected in terms of expansion, development and turnover. The stagnant situation is continuing for almost four years now. The demand for real estate market is still very high, but the unstable and uncertain economic situation created by volatile political situation has downsized people's investment in country's real estate sector. Also the price level, though corrected in recent years by 20-25%, is still considered high for the middle income households. Interest rates of housing loans have come down significantly in recent months. Reduced price of flats coupled with lower level of interest rate on housing loan are making some customers interested to invest in property. But

the anticipation of further price correction and uncertainty about political situation are causing large group of these customers to hold back. Developers are offering lower package to the land owners in their quest to reduce the price of the apartments, but many land owners are not agreeing to their proposals, so number of new projects undertaken by the developers are still on the lower side. They are mostly involved in completing and selling the unsold apartments of the projects they have signed earlier and they are facing difficulty to match the prevailing market rate or the price the customers are willing to pay compared to the high consideration they paid to the landowners to take these projects.

The private real estate developers have a modest contribution to reduce demand and supply gap in national housing. In spite of inadequate policy support, these real estate developers have been doing their business by mainly catering to the upper and upper-middle income group, although the middle income and low income households are still untapped. With the largest segment of the population belonging to these income groups, the real estate business has a huge growth prospect in this country. But the development of affordable housing in our country is still in a nascent stage. Developers are citing lack of demand for not undertaking township projects outside the city area. Prospective buyers on the other hand are blaming lack of community services like good schools, colleges, hospitals, lack of proper transportation facilities for showing less interest to live outside the city area. Real estate market must be expanded to reduce the load on city centre areas. That will help the price to be established at a sustainable level which will be beneficial for the growth of real estate sector. But for that government initiatives are required to improve the connectivity of the outskirt areas with the city centre.

The Government took some measures to boost real estate sector but these seem to have failed to achieve any fruitful result. The activities of REHAB to redress and rejuvenate the slow moving

real estate sector leave much to be desired. The policies of Government, Central Bank need to be reviewed, analyzed and evaluated to make it more helpful for the real estate sector. The situation may not improve in coming months unless Government comes up with something for the sector like declaring it as productive sector, give customers incentive for investing in local property market, reducing registration cost, allocating land to developers under public-private partnership, reintroducing refinance scheme for housing loans for middle income group customers, particularly for first time buyers.

Product wise Performance

• Performance of Home Loan Operations

The real estate sector has been suffering from sluggish growth for a couple of years now. Customers are yet to gain the lost confidence on the industry and as a result developers are finding it very difficult to dispatch their large inventory of unsold flats. The market is still going through a gradual price correction to bring real estate property within the reach of the middle income group. Factors like political uncertainty, lack of investment growth and poor standard of developers are affecting the growth of the industry negatively. Weak customer confidence is also forcing the prime customer group, the expatriate buyers, to invest in offshore real estates. As a result, the real estate companies have become cash strapped with thousands of unsold ready apartments in their hands which have given rise to soaring non-performing loans (NPL) for the banks investing in commercial real estate.

In light of such a scenario the performance of DBH Home Loan operations has been respectable. Being a housing finance specialist DBH has forecasted the situation prudently and focused on maintaining the health of its existing portfolio and strengthening its focus on core retail clientele. The Company's loan book in housing finance grew at a very moderate pace of 8.19 percent to Taka 29.03 billion during the financial year

while keeping gross NPL ratio at the level of 0.30 percent only. During the year, the gross interest income from the housing finance portfolio stood at Taka 3,849.82 million. DBH holds an adjustable rate home loan portfolio and the average rate of interest on the home loan book is decreasing in line with the downward shift in the market rate of interest.

Even though managing settlements ahead of schedule was a challenge this year, the disbursement figures experienced a healthy rise compared to last year and the Company has retained its position as the specialist housing financier with the largest market share in making new disbursements. Total net approvals during the year stood at Taka 7,715.05 million as against Taka 6,834.06 million in the previous year showing a growth of 15.57 percent from last year comparatives. Total disbursement at the end of FY 2014-15 was Taka 7,768.69 million as against Taka 6,582.88 million of preceding financial year. During the year under review, a total of Taka 5,559.21 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, 2015 have been fully provided for and additionally, as required by Bangladesh Bank, DBH has a loan loss reserve amounting to 1% of standard loans & 5% of special mention accounts.

• Performance of Deposit Portfolio

Over the years DBH has established itself as one of the leading depository institution in the industry. The Company has earned the trust of the clients by providing transparent & quality service. DBH has kept its focus on deposit collection as its main source of funding mechanism. As a result DBH has managed to fund over 80 percent of its home loan operations through deposit. At present the Company offers a diverse deposit product line including Annual Income Deposit, Monthly Income Deposit, Quarterly Income Deposit, Cumulative Deposit, Flexible Fixed Deposit, Profit First Deposit, Easy Way Deposit, Children's Deposit,

Easy Home Deposit, DBH Platinum Deposit. In compliance to the regulations of Bangladesh Bank the minimum tenure of the deposits is three months. These products are targeted towards various customer segments comprising of retail and corporate clientele with almost equal weight on institutional and retail deposits.

At the close of June 30, 2015 the deposit portfolio of DBH stands at Taka 2,4703.12 million with an interest payable worth another Taka 1,139.66 million. As the market shifts downward the rate of interest on the DBH deposit products have also significantly decreased this year.

DBH also provides loan against deposits (LAD) to cater to its customers' urgent financial need. As of June 30, 2015, the LAD portfolio of DBH stands at Taka 207.76 million.

Recovery

FY 2014-15 has experienced mixed progress in terms of containing the non performing loan (NPL) figures of the Financial Industry. At the close of June 30, 2014, the Gross NPL ratio for Banks and NBFIs were 10.80% and 5.40% respectively. Halfway through FY 2014-15, at end of December 31, 2014 the gross NPL ratio for both the sectors improved slightly and stood at 9.70% and 5.30%. However, at the end of 3rd Quarter the amount of aggregate classified loans stood at Taka 546.6 billion for bank which is 10.5% of the total outstanding loans of the banking sector. On the other hand, for NBFIs the amount stood at Taka 27.6 billion which is 7.00% of the outstanding loans of all NBFIs operating in Bangladesh.

Under such circumstances, DBH has shown steady and resilient performance in maintaining asset quality. According to the classification policy of the Central Bank, at close of June 30, 2015 the NPL of the Company has marginally increased to 0.30 percent from 0.22 percent at end of the preceding financial year. While aggregate NPL ratio for both Banks and NBFIs has gone up, DBH has been successful to restrain the increase to a minimum.

Needless to say, this is by far the best figure in the financial industry.

Funding Operations

Being one of the largest non-bank depository institutions of the industry, the funding composition of the Company has remained significantly reliant on the deposit portfolio. The deposit products are tailored to meet the diversified needs of our retail and corporate client base. The deposit portfolio of the Company has stood at Taka 24,703.12 million.

The funding of our company comprises of both long term and short term sources of fund to efficiently manage our cost of fund. Long-term loan portfolio of DBH consists of funds received under Housing Loan refinance Scheme of Bangladesh Bank worth Taka 3,187.24 million, long term loans received from international lenders like FMO & Triodos Custody B.V. worth Taka 305.65 million and loans sourced from local markets for Taka 846.46 million. Apart from that the shareholder's contribution in the funding mix is 3170.92 million, which is almost 10.00 percent of total fund. The Company is continuously striving to source diversified avenues of funding to minimize its cost as well as asset-liability maturity & interest rate mismatch in the balance sheet.

The funding status of DBH as of June 30, 2015 is presented below:

Source	Amount in Million Taka
Deposits	24,703.12
Long term loans	4,339.35
Equity	3,170.92

Treasury Operations

In DBH, Treasury acts as a catalyst between the core functions of housing finance & deposit mobilization. Over the years the treasury wing of

DBH has evolved from a day-to-day fund managing unit to a core contributor in strategic decision making related to asset liability mismatch (ALM) and interest rate risk (IRR) mismatch management through in-depth market forecasting, internal liquidity projection and product re-pricing subject to regulatory constraints.

In FY 2014-15, the Central Bank maintained its balanced monetary policy stance designed to foster private sector growth by channeling funds into productive sectors with a view to supporting the attainment of the real GDP growth objective while keeping it consistent with the targeted 6.50 percent average inflation rate for FY 15. Increased remittance inflow and relatively slower growth of investment led to a highly liquid market. So, the Central Bank was faced with the challenges of managing this excess liquidity. Weighted average interest rate of deposits and advances had gradually gone down during the year and interest rate spread decreased further i.e., 5.31% in June 2014 to 4.87% a year later.

As there was sufficient liquidity in the market, the call money rates were also lower. From a weighted average rate of 6.25 percent in June 2014 it came down to 5.79 percent at the end of June 2015. During the FY 15 the highest weighted average of interest rate for call money was 8.57 percent during January 2015. Understandably, the treasury department of DBH also had to optimize the funding mix ensuring maximum utilization of low cost funds to operate on a thin margin in a liquid market. By setting cost minimization as the key objective, the treasury wing intensified its position from long to short to access low cost fund from the money market to reduce overall cost of fund and enhance treasury income. The treasury department contributed a significant portion of the interest income through investment activities during the FY 15. Throughout the year the treasury department maintained a well-balanced liquidity position of the company by adhering to the rules and regulations of the Central Bank.

Investments in Securities

The capital market of the country showed positive indications of rejuvenating in this financial year. The year ended with DSEX index at 4,583.11 on June 30, 2015 which stood at 4,480.52 at the end of the previous year. The market reached its highest point with DSEX index 5,334.04 on October 2014. In accordance to the market situation DBH has continued to maintain a cautious investment policy. The capital market portfolio of the Company stands at Taka 302.41 million as of June 30, 2015.

In addition to that, the Company also invested Taka 50.00 million in the redeemable preference share of United Capital Limited and Taka 12 million in non-marketable securities. The company has earned taka 12.99 million from this sector as on June 30, 2015.

Human Resources

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

In a bid to keep up with the pace of ever changing business world with regard to altering business processes, embracing technological changes and meet up new compliance and regulatory requirements DBH undertakes training and development plan for its employees and arranges in-house functional training sessions as well as sends them over for attending public training programs. Employees also attended training

programs overseas on different personal and functional development programs for increasing their levels of skills and competencies.

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

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

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

Information Technology

Information Technology (IT) has become a key component of today's business strategy and is playing an imperative role in business operation. Information & Communication Technology (ICT) infrastructures and innovative software solutions have become the driving force of corporate business. From the inception, DBH is aspiring to achieve operational excellence through use of IT in an optimized and cost-effective manner and the whole business processes/operation is now automated through a robust centralized software within a secured computer network system.

The centralized software is maintaining crucial business data in an efficient manner and produces reports as required for daily business need and decision making. As a result, an automated way of work is defined and executed through IT systems with accuracy, authenticity & optimum performance.

In the financial year, a number of processes/modules of the centralized software system has been enhanced as well as new modules have been implemented which improved overall performance significantly. Some of the enhanced processes/modules are - document/information checklist validation for deposit creation, maker-checker validation for deposit encashment, call center solution for recovery etc. Moreover, software requirement management module was improved and technical documentation was done to meet compliance. IT security systems, disaster recovery, data processing and redundancy, comprehensive data loss prevention programs were also improved. Power backup system was also upgraded for uninterrupted supply (by ATX switch) and longer time backup. Business Continuity Plan (BCP), Disaster Recovery Plan (DRP) has been formulated and IT Security policy has been revised. Above accomplishment ensures that the information system is functional, secured and compliant.

A highly motivated, diverse and innovative team is performing to develop, maintain and secure the existing system regularly as well as to implement new/upgraded systems when required.

Codes and Standards

The Company has adopted various codes, standards and policies set out by Bangladesh Bank and Bangladesh Securities and Exchange Commission including inter alia Know Your Customer (KYC) Guidelines, Anti Money Laundering Guideline, Asset Liability Management

Guideline, Directors Code of Conduct, HR Policies, IT Policies and Treasury Manual etc.

The Company has the mechanisms in place to review and monitor adherence to these codes and standards and to ensure reporting and compliance as required.

Credit Rating

Delta Brac Housing Finance Corporation Limited with its strong fundamentals has earned the highest credit rating award for the 9th (Ninth) consecutive year. Credit Rating Agency of Bangladesh (CRAB) reaffirmed AAA in the long term and ST-1 in the short term rating of Delta Brac Housing Finance Corporation Limited in its latest entity rating done based on the Company's year end financials of 2013-2014.

Key Operating and Financial data of at least last preceding 5 (five) years

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

Contribution to National Economy

At DBH we believe that we have some responsibilities to the development of the country where we operate our business and to the society where we belong. As a financial institute, DBH contributes to the economic prosperity by providing financial products and services to housing sector. Our total credit exposure as on June 30 amount to Tk. 29,248 Million. We have extended loan to around 15,621 customers to meet their housing need, which is one of the basic needs of people.

DBH contributes to the national exchequer in the form of income tax, VAT & excise duty. During the year 2014-15 company's contribution to the national exchequer is given below.

Taka in Million

Particulars	2014-15	2013-14
Income Tax paid on company's income	700.00	601.11
Tax collected at source on behalf of Government	290.64	252.44
Value Added Tax (VAT)	21.88	21.09
Excise Duty	21.90	22.92
Total	1,034.42	897.56

Creating employment has a vital impact on the economy and DBH employed as many as 214 employees as on June 30, 2015. Efficient workforce is very important for the organization as well as for the country. During the year 2014-15, DBH has paid Tk. 241.16 million as salaries and allowances to its employees.

Contribution to the society

DBH's responsibilities to the society are manifested in its activities. As a responsible corporate citizen DBH continuously promotes ownership of housing, wealth creation and also the improvement of the underprivileged and weaker section of the society.

The Board of Directors in its 81st Meeting held on February 23, 2015 approved the Corporate Social Responsibility policy of the Company in line with the Bangladesh Bank Guideline on CSR with a view to engaging the institution into a broad range of direct and indirect CSR activities including humanitarian relief and disaster response as well as widening advancement opportunities for disadvantaged population segments with support in areas of healthcare, education and training as well as greening initiatives etc.

The Board further, in its 83rd Meeting held on August 13, 2015 approved the allocation of an amount of Tk. 6.5 million as CSR Fund, to carry out various CSR activities during the period of 2015-2016 as per approved guidelines of DBH's CSR Policy.

Contribution during the year

DBH consider the society as an extended family. We are always at their side when they are in distress and in need of our help. We distributed 2000 (two thousand) blankets at a cost of Tk. 5,30,500.00 to the cold hit people of the Country through the exclusive channel of BRAC.

Further, DBH contributed an amount of Tk. 5,00,000.00 to the development fund of the Liberation War Museum, Bangladesh which was established to commemorate heroic struggle of Bengalee nation for democracy and national rights.

Highlights on Financial Performance

The comparatives on the financial performance of the Company for twelve-month period to June 30, 2015 are presented below:

(Figures in Million Taka)

Particulars	30-Jun-15	30-Jun-14
Operating revenue	4,569	4,781
Interest expenses	2,785	3,071
Operating expenses	346	316
Profit before provisions	1,438	1,395
Profit before tax	1,259	1,199
Net profit after tax	685	607

The operating profit for the period was Taka 1,437.76 million compared to Taka 1,394.71 million of same period of last year reflecting a growth of 3.09%. The Company has made PBT of Taka 1,259.39 million for the reviewed period

ended as on June 30, 2015 as against the previous year's figure of Taka 1,199.19 million with a growth of 5.02%.

Operating revenue of the Company decreased by 4.45% over the last year's figure of Taka 4,781.43 million to Taka 4,568.83 million in twelve-month of FY2014-15. Interest income has gone down by 4.57 % from the previous year whereas fees income increased by 6.01%. On the other hand interest expense has decreased by 9.30% to Taka 2785.29 million when compared to last year's figure of Taka 3071.02 million.

As a result, net operating income of the Company has increased by 4.28% from corresponding period of last year. The net operating income stood at Taka 1,783.54 million compared to last year's figure of Taka 1,710.41 million.

Awards and Recognitions

Annual Report 2013-2014 recognized by ICMAB:

ICMAB Best Corporate Awards-2014 was declared on 20 January 2015 where a total of 66 corporate entities won the awards for their outstanding performance especially in maintaining corporate governance.

Delta Brac Housing Finance Corporation Limited (DBH) was awarded the 'Best Corporate Awards-2014' in the Non-Banking Financial Institution category and won the 3rd prize.

National Award 2014 for Best Presented Annual Report by ICAB:

The Institute of Chartered Accountants of Bangladesh (ICAB) introduced the National Award for Best Presented Annual Report annually since 2001 and they have given their 14th National Award for Best Presented Annual Report-2014 in 10 separate categories for preparing and publishing annual reports 2013 with disclosure of "maximum relevant information in a more transparent way".

Delta Brac Housing Finance Corporation Limited, one of the top non-bank financial institution was awarded the prestigious 'The Best Presented Annual Report for the year 2013' and received the Certificate of Appreciation as a token of recognition of excellence in the financial services.

Corporate and Financial Reporting Framework

The Members of the Board, in accordance with the Bangladesh Securities & Exchange Commission's Notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated August 7, 2012; confirm compliance with the financial reporting framework for the following:

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

Going Concern

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

Based on the different indications, Directors feel it appropriate to adopt going concern assumptions and no material uncertainty exists in preparing the financial statements. A report on going concern policy is included in the annual report in page no. 81.

Board Meetings and Attendance by the Directors

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

Shareholding Pattern

Shareholding patterns of the Company as at the end of the year 2014-2015 is shown in Annexure-iii of this report.

Proposed Dividend

The Board of Directors at the time of considering the annual accounts have recommended @ 30% cash dividend to be paid to the shareholders out of profit of the year 2014-15, which is to be approved by the shareholders in the forthcoming AGM.

Directors' Appointment & Re-appointment

The present Directors of the Company are named in pages 9 to 17 of this report.

In accordance with the Article No. 106 of the Articles of Association of DBH, the following Directors will retire in the 19th Annual General Meeting by rotation and being eligible for re-election, they are seeking re-election to the Board.

- Ms. Mehreen Hassan, Bar-at-law
(representing DLIC)
- Mr. Swapan Kumar Sarkar, FCA
(representing DLIC)

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

- Dr. A M R Chowdhury
(representing BRAC)

In order to comply with the Bangladesh Securities and Exchange Commission's (BSEC's) Corporate Governance Guidelines (CGG) dated August 7, 2012 the Board of DBH have re-appointed the existing Independent Director, Mr. M I Chowdhury for a further term of 3 (three) years. As other Independent Director, Ms. Rizwana Hasan was not eligible for re-appointment, in her place the Board appointed Dr. A K A Mubin, former Secretary of the Government of Bangladesh for a term of three years.

Pursuant to the Clause 1.2 (iii) of the CGG, appointment/re-appointment of the following Independent Directors shall be approved by the shareholders in the forthcoming AGM.

- Mr. M I Chowdhury
- Dr. A K A Mubin

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

- a) Brief resume of the Directors are included in page nos. 9 to 17 of this Annual Report
- b) Nature of the expertise of the Directors are also disclosed in the brief profiles
- c) Name of the Directors and entities in which they have interest as Directors are also disclosed in the brief profiles as well as in the notes no. 38.1 of the Financial Statements.

Appointment of Auditor

Messrs A. Qasem & Co., Chartered Accountants have been serving as the auditor of the Company for the last 3 (three) consecutive years and will retire in the forthcoming AGM. Since, they are not eligible for re-appointment for the financial year 2015-16 as per BSEC as well as Bangladesh Bank's regulations, consequently the Board of Directors have recommended to appoint M/S. S. F. Ahmed & Co., Chartered Accountants and Bangladesh Bank has also accorded its consent in this regard. Finally the matter will be placed before the shareholders in the AGM for approval.

Corporate Governance

As a listed housing finance company (DBH) with 19 years of compliant history, DBH has a strong institutional framework to meet the regulatory requirement of Corporate Affairs. DBH's experienced Board maintains an overview on the Company through the Supervisory Committees. In addition to bringing valuable perspective to the Board, DBH's independent directors contribute meaningfully through their roles within the two committees – namely the Audit Committee and the Executive Committee.

DBH understands sound corporate governance and its importance in retaining and enhancing investors trust. The Company's commitment to values and performance is driven by transparency

and integrity, which goes a long way in achieving the top position. It adheres to the core values of credibility and accountability to serve its stakeholders with passion and commitment. Its values and transparent processes act as a catalyst in growth.


Pursuant to the BSEC's Corporate Governance Guidelines, the following statements are appended as part of this Annual Report:

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

Acknowledgement

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

For and on behalf of the Board of Directors.



Faruq A Choudhury
Chairman

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	Nominated by	Total Meeting	Meeting Attended	Change during 2014-2015	
				Date of Board Acceptance	
				Joining	Nomination withdrawn
Mr. Faruq A Choudhury, Chairman	BRAC	4	3	-	-
Mr. Nasir A. Choudhury	Green Delta Insurance Company Ltd.	4	4	-	-
Mr. Rajeev Sardana, FCA	HDFC Investments Ltd.	4	2	-	-
Mr. A Z Mohammad Hossain	Green Delta Insurance Company Ltd.	4	3	-	-
Ms. Mehreen Hassan, Bar- at- Law	Delta Life Insurance Company Ltd.	4	3	-	-
Mr. Swapan Kumar Sarkar, FCA	Delta Life Insurance Company Ltd.	4	2	-	-
Mr. Shameran Bahar Abed, Bar- at- Law	BRAC	2	2	-	23-02-2015
Ms. Adeeba Rahman, ACII-Life	Delta Life Insurance Company Ltd.	4	4	-	-
Dr. A M R Chowdhury	BRAC	1	0	23-02-2015	-
Mr. M I Chowdhury	Independent Director	4	4	-	-
Ms. Syeda Rizwana Hasan	Independent Director	4	2	-	-

Directors' Remunerations

Annexure-ii

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

Name of Directors	Board		Executive Committee		Audit Committee		Total Fees Paid
	Attendance	Fees	Attendance	Fees	Attendance	Fees	
Mr. Faruq A Choudhury, Chairman	3	15,000.00	0	0	3	15,000.00	30,000.00
Mr. Nasir A. Choudhury	4	20,000.00	0	0	4	20,000.00	40,000.00
Mr. Rajeev Sardana, FCA	2	10,000.00	0	0	0	0	10,000.00
Mr. A Z Mohammad Hossain	3	15,000.00	0	0	4	20,000.00	35,000.00
Ms. Mehreen Hassan, Bar- at- Law	3	15,000.00	1	5,000.00	0	0	20,000.00
Mr. Swapan Kumar Sarkar, FCA	2	10,000.00	0	0	4	20,000.00	30,000.00
Mr. Shameran Bahar Abed, Bar- at- Law	2	10,000.00	0	0	0	0	10,000.00
Ms. Adeeba Rahman, ACII-Life	4	20,000.00	1	5,000.00	0	0	25,000.00
Dr. A M R Chowdhury	0	0	0	0	0	0	0
Mr. M I Chowdhury	4	20,000.00	0	0	4	20,000.00	40,000.00
Ms. Syeda Rizwana Hasan	2	10,000.00	1	5,000.00	0	0	15,000.00
Total	-	1,45,000.00	-	15,000.00	-	95,000.00	2,55,000.00

Pattern of Shareholdings as on 30th June 2015

Annexure-iii

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

Name of the Shareholders	No. of Share(s) held	Percent (%)
BRAC	21,339,630	18.39
Delta Life Insurance Company Limited	20,456,500	17.63
Green Delta Insurance Company Limited	17,761,727	15.31
HDFC Investments Limited	14,183,801	12.22
International Finance Corporation (IFC)	14,183,801	12.22
Mr. Faruq A Choudhury	23	0.00
Dr. Salehuddin Ahmed	23	0.00

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

Name of the Directors	Nominated by	No. of Share(s) held	Percent (%)
Mr. Faruq A Choudhury, Chairman	BRAC	23	0.00
Mr. Nasir A. Choudhury	Green Delta Insurance Company Ltd.	-	-
Mr. Rajeev Sardana, FCA	HDFC Investments Ltd.	-	-
Mr. A Z Mohammad Hossain	Green Delta Insurance Company Ltd.	-	-
Ms. Mehreen Hassan, Bar- at- Law	Delta Life Insurance Company Ltd.	-	-
Mr. Swapan Kumar Sarkar, FCA	Delta Life Insurance Company Ltd.	-	-
Ms. Adeeba Rahman, ACII-Life	Delta Life Insurance Company Ltd.	-	-
Dr. A M R Chowdhury	BRAC	-	-
Mr. M I Chowdhury	Independent Director	-	-
Ms. Syeda Rizwana Hasan	Independent Director	-	-

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

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

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

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

Name of the Shareholders	No. of Shares held	Percent (%)
BRAC	21,339,630	18.39
Delta Life Insurance Company Limited	20,456,500	17.63
Green Delta Insurance Company Limited	17,761,727	15.31
HDFC Investments Limited	14,183,801	12.22
International Finance Corporation (IFC)	14,183,801	12.22

Events Highlights

DBH rated the highest AAA for the 9th consecutive year. Credit Rating Agency of Bangladesh (CRAB) handed over the Credit Rating Report to Q. M. Shariful Ala, Managing Director & CEO.



Honorable Finance Minister A M A Muhith handing over ICMA Best Corporate Award 2014 trophy under Non-Banking Financial Institutions category to our Head of Finance Syed Aminul Islam.

Faruq A Choudhury, Chairman of Delta Brac Housing Finance Corporation Ltd. (DBH) addressing the 18th Annual General Meeting of the Company.



*Faruq A Choudhury,
Chairman and
Q. M. Shariful Ala,
Managing Director &
CEO attending the 18th
AGM of the Company.*



*Honorable Shareholders
of DBH participating
in the 18th AGM of the
Company.*

*DBH donated blankets
for the cold wave affected
people. Md. Akramul Islam,
Director, BRAC and Sasi
Kumar, Head of Operations,
Ayesha Abed Foundation,
Syed Aminul Islam, Head
of Finance, Jashim Uddin,
Company Secretary and
Imtiaz Elahi, Manager Brand
& Communication of DBH
were present at the function.*



Report on Corporate Governance

DBH's Philosophy on Corporate Governance

Corporate governance is based on the principles, systems and practices through which the Board ensures transparency, fairness and accountability in the relationship of a Company with all its stakeholders, viz. shareholders, creditors, depositors, regulators, government agencies, employees, among others. Accordingly, corporate governance is making all the necessary disclosures and decisions, accountability and responsibility towards various stakeholders, complying with all the applicable laws and a continuous commitment of conducting business in a transparent and ethical manner.

At DBH, corporate governance philosophy encompasses not only regulatory and legal requirements, but also other practices aimed at a high level of business ethics, effective supervision and enhancement of value for all stakeholders'. We believe that a Company not only has legal, contractual and social responsibilities, but also has obligations towards its non-shareholder stakeholders such as bankers, regulators, government agencies, employees, investors, creditors and customers etc. The Company ensures that all its stakeholders have an access to clear, adequate and factual information on all matters of the Company. The Company is committed towards maintaining the highest standards of governance and believes in adopting best practices and integrity for effective corporate discipline. It promotes accountability of its management and the Board of Directors towards its stakeholders and acknowledges its responsibilities towards them for creation and safeguarding their wealth.

Board of Directors

The Board of Directors of the Company plays a key role, as they oversee the functioning of the organization and ensures that it continues to operate in the best interest of all the stakeholders. Thus, the Company strives to keep its Board well-informed, independent and actively involved in the important decision making process pertaining to the Company.

The Board while performing its fiduciary duties recognizes its responsibilities towards its members and other stakeholders to uphold the highest standards in all matters concerning the Company and for the purpose empowers responsible officials to implement its broad policies and guidelines. The Company's business is conducted by its employees under the directions of the Managing Director and overall supervision of the Board.

The Board of DBH comprises of 10 (ten) members of which eight are Non-Executive Nominated Directors and two Independent Directors (the eminent personalities in their respective field). The goal has been to form a Board, which is cohesive and has the expertise for quick and informed decision making.

Code of Conduct

The Company had framed and adopted a Code of Conduct in accordance with the condition no. 1.2 (v) of the Bangladesh Securities and Exchange Commission's (BSEC's) Corporate Governance Guidelines 2012, which was approved by the Board of Directors in its 70th Meeting held on December 27, 2012. With the objective of

enhancing the standards of governance, the Company also adopted separate codes for the members of management and executives of the Company.

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

Changes in the Board

BRAC, a Sponsor Shareholder of the Company had nominated Dr. A M R Chowdhury in the vacant position of their nominated Director Mr. Shameran Abed, who was subsequently appointed as Director by the Board on February 23, 2015.

Ms. Rizwana Hasan, Independent Director has completed her 3 (three) years term and being joined the Board of one of the Sponsor of DBH and hence not eligible for acting as an Independent Director of the Company. The Board has appointed Dr. A K A Mubin in her place on September 29, 2015.

Board Meetings

The Company holds at least four Board Meetings in a year, one in each quarter inter-alia to review the financial results of the Company. The gap between the two Board Meetings does not exceed three months. Apart from the four scheduled Board Meetings, additional Board Meetings are also convened to address the specific requirements of the Company. Urgent matters are also approved by the Board by passing Resolutions through circulation. During the year under review 4 (four) meetings of the Board were held.

Board Committees

There are two committees constituted by the Board Members to assist the Board in discharging its responsibilities – the Audit Committee and the Executive Committee. The Board at the time of constitution of each committee fixes the terms of

reference for each committee and also delegates power from time to time. The minutes of the meetings of both the committees are circulated to the Board for its information.

Audit Committee

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

The Audit Committee was last reconstituted on September 29, 2015 which is comprised of Mr. M I Chowdhury as the Chairman, Mr. Faruq A Choudhury, Mr. Nasir A. Choudhury, Mr. A Z Mohammad Hossain, and Mr. Sawpan Kumar Sarkar, FCA as its members. A separate report on the activities of the Audit Committee is attached in the page no. 66 to 68 of this report.

Executive Committee

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

The Executive Committee was last reconstituted on February 23, 2015 and the members are: Ms. Mehreen Hassan as its Chairperson, Ms. Adeeba Rahman, Dr. A M R Chowdhury, and Mr. Q. M. Shariful Ala, Managing Director & CEO as its members.

Role of Independent Directors

The Independent Directors play a key role in the decision-making process of the Board as they involve in the overall strategy of the Company and oversee the performance of management. The Independent Directors are committed to act

in what they believe is in the best interest of the Company and its stakeholders.

The Independent Directors bring a wide range of experience, knowledge and judgment as they draw on their varied proficiencies in economics, finance, management, law and public policy. This wide knowledge of both, their field of expertise and boardroom practices helps to foster varied, unbiased, independent and experienced perspectives. The Company benefits immensely from their inputs in achieving its strategic direction.

The Head of the Audit Committee is an Independent Director. The Executive Committee also comprises with one independent director. These committees function within the defined terms of reference in accordance with the Acts, Guidelines and the Listing Regulations and as approved by the board, from time to time.

Role of the Chairman

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

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

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

Role of the Managing Director & CEO

The Managing Director & CEO is the key person and is responsible for running the business of the Company. He is also responsible for formulating as well as implementing Board strategy and

policy. The Managing Director is responsible for establishing and executing the Company's operating plans that is necessary to achieve the Company's objectives. He has the overall control on the Company's day-to-day affairs and is accountable to the Board for the financial and operational performance of the Company.

Delegation of Authority

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

Role of the Company Secretary

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

Internal Control and Compliance

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

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

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

DBH made relevant mandatory disclosure in its financial statements under the regulatory framework, including compliance with the provisions of International Financial Reporting Standards (IFRS) as adopted in Bangladesh, besides that it submits all the reports/statements regularly, which are required to submit to the regulators as well as the other stakeholders of the Company. However, a separate report on Internal Control is given in page no. 64 and 65 of this report.

Role of the Head of Internal Control & Compliance

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

Risk Management

The Company always concentrates on delivering high value to its stakeholders through appropriate tradeoff between risk and return. A well structured and proactive risk management system is in place within the Company to address the risks relating to credit, market, liquidity and operations. Details of the Risk Management are described at notes 2.28 of the Financial Statements in the page no. 100 of this report.

Accounting Standards

The Company has complied with the applicable Accounting Standards. The financial statements present fairly, in all material respects and comply with the Financial Institution Act 1993, the Companies Act 1994, the Securities and Exchange Rules 1987 & other applicable laws and regulations.

Secretarial Standards

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

Related Party Transactions

Transactions with related parties are made on arm's length basis and are in the ordinary course of business. Detailed transactions with related parties are described at notes- 36 of the Financial Statements in the page no. 119 of this annual report.

Auditors Certificate on Corporate Governance

The Company has complied with all mandatory requirements of Corporate Governance Guidelines as enumerated in the Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August 2012 and its subsequent amendments by Bangladesh Securities and Exchange Commission. Mr. S. Abdur Rashid FCS, Chartered Secretary in Practice has certified that the Company has complied with the conditions of Corporate Governance as stipulated under the Corporate Governance Guidelines which is annexed in the page no. 63.

Statement of CEO and the Head of Finance regarding Financial Statements

A separate statement as to the fairness and presentation of the Financial Statements of the Company is given in page no. 83 of this report.

Annual General Meeting (AGM)

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

Resolutions passed at the previous AGM i.e. 18th Annual General Meeting

Date & Time: November 25, 2014 at 11:00 AM
Venue: The Eden Ball Room of Hotel Amari, House- 47, Road- 41, Gulshan-2, Dhaka-1212.

Resolutions passed by the shareholders:

- Financial Statements for the year ended June 30, 2014.
- Dividend @ 25% cash.
- Re-election of Directors, named Mr. Faruq A. Choudhury, Mr. A Z Mohammad Hossain, Mr. Rajeev Sardana and Ms. Adeeba Rahman.
- Appointment of M/s. A. Qasem & Co., Chartered Accountants as external auditor of the Company.

General Information for the Shareholders

The Company's financial results and official news releases are also displayed on the company's website and on the websites of the Dhaka Stock Exchange and Chittagong Stock Exchange and the news required to publish in the daily newspapers are also published accordingly.

Redressal of Investors complaints

Corporate Affairs Department of DBH is engaged to redress the complaints of the Shareholders and

Investors' related to transfer and transmission of shares, non-receipt of annual reports, dividends and other share related matters. The department also observes the monthly status of the number of shares in physical as well as dematerialized form.

Going Concern

The Board is satisfied that the Company has adequate resources to continue its business for the foreseeable future and consequently considers it appropriate to adopt the going concern basis in preparing the financial statements.

Shareholding Pattern of the Company as on 30th June 2015

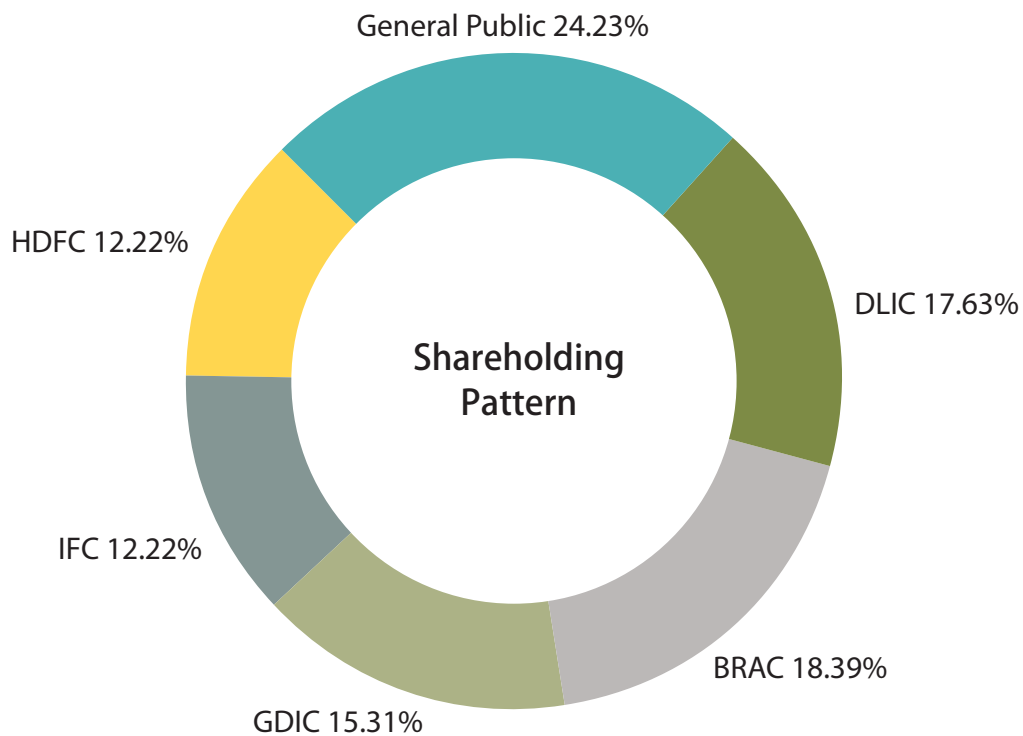
On the basis of shareholders types:

Group Name	No. of Shareholder(s)	No. of Share(s)	Percentage (%)
Sponsors/ Promoters & Pre-IPO Shareholders (Local)	5	59,557,903	51.32
Sponsors/ Promoters & Pre-IPO Shareholders (Foreign)	2	28,367,602	24.45
General Public	2002	3,624,524	3.12
Financial Institutions & Other Companies	115	10,791,201	9.30
Foreign Investors	14	13,708,145	11.81
Total :	2138	116,049,375	100.00

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

Shareholding Range	Number of Shareholder(s)	No. of Shares	Percentage(%)
1 - 500	883	182,394	0.16
501 - 5000	1053	1,798,522	1.55
5001 - 10000	76	546,949	0.47
10001 - 20000	51	679,000	0.59
20001 - 30000	17	428,418	0.37
30001 - 40000	9	317,399	0.27
40001 - 50000	7	340,587	0.29
50001 - 100000	10	795,063	0.69
100001 - 1000000	22	7,255,006	6.25
1000001 to above	10	103,706,037	89.36
Total :	2138	116,049,375	100.00

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



Annexure- A

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

(Report under Condition No. 7.00)

Condition no.	Title	Compliance status as on June 2015		Remarks
		Complied	Not Complied	
1.0	Board of Directors:			
1.1	Board's Size: Board members shall not be less than 5 (Five) and more than 20 (Twenty)	√		
1.2	Independent Director:			
1.2 (i)	Independent Director: At least 1/5th	√		
1.2 (ii)	For the purpose of this clause "independent director" means a director:-			
1.2(ii) a	Independent directors do not hold any share or hold less than one percent (1%) shares	√		
1.2(ii) b	Independent directors do not connected with the company's sponsor or director or shareholder who holds 1% or more shares	√		
1.2(ii) c	Independent directors do not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated company	√		
1.2(ii) d	Independent directors are not the members, directors or officers of any stock exchange	√		
1.2(ii) e	Independent directors are not the members, directors or officers of any stock exchange or an intermediary of the capital market	√		
1.2(ii) f	Independent directors are/were not the partners or executives during preceding 3 (three) years of any statutory audit firm	√		
1.2(ii) g	They are not the Independent directors in more than 3 (three) listed companies	√		
1.2(ii) h	They are not convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a non bank financial institution (NBFI)	√		
1.2(ii) i	They are not been convicted for a criminal offence involving moral turpitude	√		
1.2(iii)	The independent directors shall be nominated by the board of directors and approved in the AGM	√		
1.2(iv)	The post of independent directors cannot remain vacant for more than 90 days	√		
1.2(v)	The board shall lay down a code of conduct of all board members and annual compliance of the code to be recorded	√		
1.2(vi)	The tenure of office of an independent directors shall be for a period of 3 (three) years which may be extended for 1 (one) term only.	√		

Condition no.	Title	Compliance status as on June 2015		Remarks
		Complied	Not Complied	
1.3	Qualification of Independent Director (ID):			
1.3(i)	Independent Director shall be knowledgeable individual with integrity, ability to ensure compliance with laws and make meaningful contribution	√		
1.3(ii)	Being a Business Leader/ Corporate Leader / Bureaucrat/ UniversityTeacher (Economics /Business /Law)/Professionals like CA/CMA/CS having 12 years of management/ professional experience	√		
1.3(iii)	In special cases above qualification may be relaxed by the commission			N/A
1.4	Positions of Chairman of the Board and Chief Executive Officer shall be filled by different individuals. The Board shall clearly define the respective roles and responsibilities of the Chairman & CEO.	√		
1.5	Directors' Report to Shareholders:			
1.5(i)	Industry outlook and possible future developments in the industry	√		
1.5(ii)	Segment-wise or product-wise performance	√		
1.5(iii)	Risks and concerns	√		
1.5(iv)	A discussion on cost of goods sold, gross profit margin and net profit margin	√		
1.5(v)	Discussion on continuity of any Extra-Ordinary gain or loss			N/A
1.5(vi)	Basis for related party transaction- a statement of all related party transactions should be disclosed in the annual report	√		
1.5(vii)	Utilization of proceeds from public issues, right issues and/ or through any others instruments.			N/A
1.5(viii)	An explanation if the financial results deteriorate after the company goes for IPO, RPO, Rights Offer, Direct Listing etc.			N/A
1.5(ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report			N/A
1.5(x)	Remuneration to directors including independent directors	√		
1.5(xi)	The financial statements prepared by the management of the issuer company present fairly its state of affairs, the results of its operation, cash flows and changes in equity	√		
1.5(xii)	Proper books of account of the issuer company have been maintained.	√		
1.5(xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statement and that the accounting estimates are based on reasonable and prudent judgment.	√		

Condition no.	Title	Compliance status as on June 2015		Remarks
		Complied	Not Complied	
1.5(xiv)	International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.	√		
1.5(xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	√		
1.5(xvi)	There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed.	√		
1.5(xvii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.			N/A
1.5(xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	√		
1.5(xix)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given.			N/A
1.5(xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed.	√		
1.5(xxi)	The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by:			
1.5(xxi) a	Parent/Subsidiary/Associated Companies and other related parties (name wise details);			N/A
1.5(xxi) b	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	√		
1.5(xxi) c	Executives (Top 5 salaried employees other than above)	√		
1.5(xxi) d	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	√		
1.5(xxii)	In case of appointment/re-appointment of a director the company shall disclose the following information to the shareholders:			
1.5(xxii) a	a brief resume of the director;	√		
1.5(xxii) b	nature of his/her expertise in specific functional areas;	√		
1.5(xxii) c	names of companies in which the person also holds the directorship and the membership of committees of the board.	√		
2.0	Chief Financial Officer, Head of Internal Audit & Company Secretary:			
2.1	Appointment of CFO, Head of Internal Audit and Company Secretary and defining of their respective roles, responsibilities and duties	√		
2.2	Attendance of CFO and the Company Secretary at Board of Directors meeting	√		

Condition no.	Title	Compliance status as on June 2015		Remarks
		Complied	Not Complied	
3	Audit Committee:			
3 (i)	Audit Committee shall be the sub-committee of the Board of Directors.	√		
3 (ii)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	√		
3 (iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	√		
3.1	Constitution of the Audit Committee:			
3.1(i)	The Audit Committee shall be composed of at least 3 (three) members.	√		
3.1(ii)	Constitution of Audit Committee with Board Members including one Independent Director	√		
3.1(iii)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experience.	√		
3.1(iv)	Filling of Casual Vacancy in Committee	√		
3.1(v)	The company secretary shall act as the secretary of the Committee.	√		
3.1(vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	√		
3.2	Chairman of the Audit Committee:			
3.2(i)	Chairman of the Audit Committee shall be an Independent Director	√		
3.2(ii)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).	√		
3.3	Role of Audit Committee:			
3.3 (i)	Oversee the financial reporting process	√		
3.3 (ii)	Monitor choice of accounting policies and principles.	√		
3.3 (iii)	Monitor Internal Control Risk management process.	√		
3.3 (iv)	Oversee hiring and performance of external auditors.	√		
3.3 (v)	Review along with the management, the annual financial statements before submission to the board for approval.	√		
3.3 (vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.	√		
3.3 (vii)	Review the adequacy of internal audit function.	√		
3.3 (viii)	Review statement of significant related party transactions submitted by the management.	√		
3.3 (ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.	√		

Condition no.	Title	Compliance status as on June 2015		Remarks
		Complied	Not Complied	
3.3 (x)	When money is raised through Initial Public Offering (IPO)/ Repeat Public Offering (RPO)/Rights Issue the company shall disclose to the Audit Committee about the uses/applications of funds by major category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial results.			N/A
3.4	Reporting of the Audit Committee:			
3.4.1	Reporting to the Board of Directors:			
3.4.1 (i)	The Audit Committee shall report on its activities to the Board of Directors.	√		
3.4.1 (ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:-			
3.4.1 (ii) a	Report on conflicts of interests;			N/A
3.4.1 (ii) b	Suspected or presumed fraud or irregularity or material defect in the internal control system;			N/A
3.4.1 (ii) c	Suspected infringement of laws, including securities related laws, rules and regulations;			N/A
3.4.1 (ii) d	Any other matter which shall be disclosed to the Board of Directors immediately.			N/A
3.4.2	Reporting to the Authorities			N/A
3.5	Reporting to the Shareholders and General Investors	√		
4	External/Statutory Auditor's Non-Engagement in:			
4 (i)	Appraisal or valuation services or fairness opinions.	√		
4 (ii)	Financial information systems design and implementation.	√		
4 (iii)	Book-keeping or other services related to the accounting records or financial statements.	√		
4 (iv)	Broker-dealer services.	√		
4 (v)	Actuarial services.	√		
4 (vi)	Internal audit services.	√		
4 (vii)	Any other service that the Audit Committee determines.	√		
4 (viii)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company.	√		
4 (ix)	Audit/certification services on compliance of CG as required under condition 7(i)	√		
5	Subsidiary Company:			
5 (i)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.			N/A

Condition no.	Title	Compliance status as on June 2015		Remarks
		Complied	Not Complied	
5 (ii)	At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.			N/A
5 (iii)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.			N/A
5 (iv)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.			N/A
5 (v)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.			N/A
6	Duties of Chief Executive Officer (CEO) and Chief Financial Officer (CFO):			
6 (i)	They have reviewed financial statements for the year and that to the best of their knowledge and belief:			
6 (i) a	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	√		
6 (i) b	these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.	√		
6 (ii)	There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.	√		
7	Reporting and Compliance of Corporate Governance:			
7 (i)	The company shall obtain a certificate from a Professional Accountant/Secretary (Chartered Accountant/Cost & Management accountant/ Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.	√		
7 (ii)	The directors of the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions.	√		

Certificate on Compliance of Corporate Governance Guidelines

Certificate on Compliance of Corporate Governance Guidelines

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

I have reviewed the Compliance of Conditions of the Corporate Governance Guidelines by **Delta Brac Housing Finance Corporation Limited** (“the Company”) for the year ended 30 June 2015. Such compliance is the responsibility of the Company as stipulated in the above mentioned notification issued by Bangladesh Securities and Exchange Commission (BSEC).

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

According to the information and explanations provided to me by the Company, I hereby certify that all the conditions of the Corporate Governance Guidelines have been complied with by the Company.



S. Abdur Rashid FCS



Dhaka, 21 October 2015

Report on Internal Control

Objectives

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

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

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

Internal control procedure

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

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

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

Internal control procedures in respect of financial and accounting information

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

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

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

External financial information

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

Cash position and financing

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

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

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

Procedures and inspections

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

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

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

Customer relation

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

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

Human resources

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

Information technology

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

Audit Committee Report

The Audit Committee of the Company on behalf of the Board strives to ensure effective implementation of the processes set out in the business plans and policies. Its aim is to ensure that high standards of corporate reporting, control and compliance are achieved through its strong vigilance and monitoring of the followings areas:

- Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommend to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees;
- Review with the management, the annual financial statements before submission to the board for approval.

Composition of the Committee

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

The Audit Committee at DBH was last reconstituted on September 29, 2015 and the present members of the Committee are:

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

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

Meeting of the Audit Committee

The Committee normally meets quarterly, but an emergency meeting of the Committee may be called, if required. However, during the year under review, 4 (four) Committee meetings were held. The Committee reviews the financial reporting process, the system of internal control and management of financial & operational risks through the audit process.

Audit Committee reviewed the annual financial statements for the year 2014-2015 and placed its recommendations to the Board of Directors. Based on the review, the Audit Committee is of the view that the internal control and compliance procedures are adequate to present a true and fair view of the activities and financial status of the Company and to ensure that its assets are safeguarded properly.

Roles and Responsibilities of the Committee

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

(a) Internal Control

- (1) Evaluate whether management is setting the appropriate compliance culture by communicating the importance of internal control and the management of risk and ensuring that all employees

have understanding of their roles and responsibilities;

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

(b) Financial Reporting

- (1) Review the annual financial statements and determine whether they are complete and consistent with the accounting standards set by the regulatory authority;
- (2) Meet management and the external auditors to review the financial statements before their finalization.
- (3) The chairman of the audit committee shall be present and answerable to reply the accounting and audit related query in the general meeting.

(c) Internal Audit

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

(d) External Audit

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

(e) Compliance with existing Laws and Regulations

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

(f) Other Responsibilities

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

Reporting to the Board and the Shareholders

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

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

Acknowledgement

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

A handwritten signature in black ink, appearing to be 'M I Chowdhury'.

M I Chowdhury
Chairman
Audit Committee



GROWING
TOGETHER
YOU & I



Celebrating
a Bright Future
You & I

Green Banking Activities of DBH

Green banking considers all the environmental factors along with financial priorities with an aim to protect the environment as well as to foster the economic development in a more environment friendly way. This concept of "Green Banking" will be mutually beneficial to the banks, financial institutions and the economy.

DBH has outlined a policy guideline for implementing Green Banking activities in a structured manner in line with standard norms so as to protect environmental degradation and ensure sustainable business practices.

Environment Friendly Loan Financing

We have incorporated sustainability principles into day-to-day activities of the Company. Our aim is to do best to ensure that the credits we extend to our customers are utilized for environmentally sound and sustainable purposes. DBH complies with environmental standard while financing. Projects with likely adverse impact on environment are strongly discouraged by DBH. As an environment responsive Financial Institution, DBH ensures that the borrower has the due environmental clearance certificate from the concerned authorities while granting or renewing credit facilities. DBH has assessed environmental and social issues related to the projects at the time of granting credit facilities which reflects DBH's strong commitment in ensuring environmental and social safeguard of the projects, while creating a sense of accountability for the borrowers.

DBH also encourages its borrowers to have solar panel in their project at the time of appraising and granting housing loan facilities. In future the company aims to enhance the effort on preserving ecosystem, land, air and water, in line with broad corporate mission of the Company.

Improved In-house Management & Green practices

The Company has been maintaining a balanced initiative and supporting activity to contain things that may adversely affect the environment. DBH encourages rational use of energy in the office and promotes the spirit of environment friendly action plans. Reduced utilization of electricity and minimum uses of water and paper have become mandatory for the officials.

Environmental Due Diligence (EDD)

DBH maintains Environmental Due Diligence at the time of processing proposal before placing the same to Management. Few clients of DBH have found applicable for EDD and after conducting Environmental Risk Rating (EnvRR) it is found that few clients have been fallen in the category of low risk and in moderate risk level.

Corporate Social Responsibility (CSR) at DBH

Corporate Social Responsibility (CSR) is a long-term approach which provides frameworks for successful enterprises that are harmonious with their surroundings. We believe that CSR must be sustainable part of our business regardless of changing fortunes. DBH as a responsible Financial Institution is fully aware of its responsibility about how its operational activities impact its stakeholders, the economy, the society, its staff and the environment.

We have put in place very strong and sensible CSR initiatives. CSR is an integral part of corporate culture and ethics of DBH. DBH recognizes and always upholds the rights of various group of stakeholders and treats them fairly.

DBH and its Customers

DBH is determined to serve its customers' needs by offering useful financial products and services, while maintaining good relationships with them. We have taken several measures to raise the bar of our service excellence to ensure that customers receive the best possible service. DBH ensures confidentiality of customer's information and attaches highest importance in complaint management. The Company strives to listen and learn from its stakeholders and to take the appropriate action where it applies, since responsible behavior towards its clients, shareholders and employees is an essential element of Company's daily business.

DBH and its Employees

DBH has established a competitive and enabling working environment to help employees perform their best. DBH is working with a vision of converting human resources into human capital through appropriate knowledge, skills, abilities

and personal attribution. Creating a culture of healthy competition driven by knowledge is what we believe is the best way to prepare our employees to take up challenges of the contemporary business world. DBH ensures equal opportunities for all its employees in terms of both their personal and professional development. DBH ensures health and safety in the workplace while keeping it modern by providing all amenities for its employees. To attract talents and retain competency, we have a balanced compensation scheme comprising financial and qualitative benefits. Besides providing competitive package, DBH provides various welfare schemes to its employees.

Gender Equality and Women's Empowerment

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

Corporate Governance at DBH

As a strong believer of sustainable growth, principles of good corporate governance form the core values of DBH. In order to achieve transparent and sound corporate governance, we have adopted international best practices to help us sustain in this globalized competitive free market economy. Corporate governance policy of DBH recognizes the importance of the transparency to all its constituents; including employees, customers, investors and the regulatory authorities demonstrating that the shareholders are the ultimate beneficiaries of the Company's economic activities.

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

Environmental Awareness

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

DBH conducted various CSR activities during the financial year 2014-2015. The highlights of the activities taken during the reporting period are as follows:

- DBH has come forward to stand by the cold-hit people of the country for distribution of blankets among the poor. DBH has delivered 2000 piece blankets to the BRAC-AAF to distribute the blankets among the poor to address the misery of the poor and floating people, who are the worst sufferers in the chilling cold sweeping through many districts of the country.
- DBH has contributed Tk. 5 lac for building the MUKTIJODDHA MUSEUM which will give an idea about the history of war of liberation to the present and future generation and get imbued with the spirit of patriotism and liberal democratic ideas.

Disclosures on Capital Adequacy and Market Discipline (CAMD) – Pillar III

A) Scope of Application

Qualitative Disclosures:

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

Quantitative Disclosures:

- (d) Not Applicable

Particulars	Amount in Crore Taka
Paid up capital	116.05
Non-repayable share premium account	5.50
Statutory reserve	81.19
General reserve & other reserve	60.80
Retained earning	36.20
Dividend equalization account	17.35

B) Capital Structure

Qualitative Disclosures

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

Tier 2 Capital includes:

- i) General provision up to a limit of 1.25% of Risk Weighted Asset (RWA) of Credit Risk

Conditions for maintaining regulatory capital:

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

Quantitative Disclosures:

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

Amount in Crore Taka

- c) The total amount of Tier 2 capital 20.83
- (d) Other deductions from capital -
- (e) Total eligible capital 337.92

C) Capital Adequacy

Qualitative Disclosures

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

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

DBH has applied Standard Approach for computation of Capital Charge for Credit Risk and Market Risk while Basic Indicator Approach for Operational Risk. Total Risk Weighted Assets (RWA) of the Company is determined by multiplying capital charge for market risk and operational risk by reciprocal of the minimum capital adequacy

ratio and adding the resulted figures to the sum of risk weighted assets for credit risk. Total RWA is then used as denominator while total Eligible Capital as numerator to derive Capital Adequacy Ratio.

Strategy to Achieve the Required Capital Adequacy:

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

Quantitative Disclosures

Amount in crore Taka

(b)Capital requirement for Credit Risk	166.61
(c)Capital requirement for Market Risk	3.04
(d)Capital requirement for Operational Risk	24.68
(e)Total and Tier 1 capital ratio:	
CAR on Total capital basis (%)	17.39
CAR on Tier 1 capital basis (%)	16.32

D) Credit Risk

Qualitative Disclosures

- (a) The general qualitative disclosure requirement with respect to credit risk including:
- Definitions of past due and impaired (for accounting purposes)

As per the Bangladesh Bank's Prudential Guideline on Capital Adequacy and Market Discipline for Financial Institutions, the unsecured portion of

any claim or exposure (other than claims secured by residential property) that is past due for 90 days or more, net of specific provisions (including partial write-off) will be risk weighted as per risk weights of respective balance sheet exposures. For the purpose of defining the net exposure of the past due loan, eligible financial collateral (if any) may be considered for Credit Risk Mitigation.

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

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

Discussion on FI's credit risk management policy:

Implementation of various strategies to minimize risk:

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

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

In addition to the best industry practices for assessing, identifying and measuring risks, DBH also considers Guideline for Managing Core Risks

of Financial Institutions issued by Bangladesh Bank for management of risks.

Approved Credit Policy by the Board of Directors

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

Separate Credit Administration Department

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

Special Recovery and Collection Team

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

Independent Internal Compliance Department

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

Credit Evaluation

To mitigate credit risk, DBH search for credit reports from Credit Information Bureau (CIB) of Bangladesh Bank. The report is scrutinized by

Credit Admin Department and Loan Operation Department to understand the liability condition and repayment behavior of the client. Depending on the reports, opinions are taken from the concerned related parties for better understanding about client's credit worthiness.

Credit Approval Process

To ensure both speedy service and mitigation of credit risk, the approval process is maintained through a multilayer system.

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

Early Warning System

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

Methods used to measure Credit Risk

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

Quantitative Disclosures

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

Particulars	Amount in crore Taka
Housing Loan	2,881.06
Loan against Deposit	20.78
Staff Loan	12.53
Installment Receivables	10.46
Total	2,924.83

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

Area	Amount in crore Taka
Dhaka	2,686.48
Chittagong	222.66
Sylhet	15.69
Total	2,924.83

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

Sector	Amount in crore Taka
Housing & Real Estate	2,902.97
Others	21.86
Total	2,924.83

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

Particulars	Amount in crore Taka
Repayable on demand	10.46
Not more than 3 months	149.29
Over 3 months but not more than 1 year	394.27
Over 1 year but not more than 5 years	1,380.26
Over 5 years	990.55
Total	2,924.83

(f) By major industry or counterparty type:

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

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

Particulars	Amount in crore Taka
Housing loans up to 5 years	3.00
Housing loans over 5 years	5.77
Totals	8.77

ii) Specific and general provisions:

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

Particulars	Amount in crore Taka
Provision on classified loans and advances	8.77
Provision on unclassified loans and advances	90.78
Total	99.55

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

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

Particulars	Amount in crore Taka
Provision on classified loans and advances	2.89
Provision on unclassified loans and advances	20.00
Total	22.89

Amount in crore Taka

(g) Gross Non Performing Assets (NPAs) 8.77
Non Performing Assets (NPAs)
to outstanding Loans and Advances 0.30%

Movement of Non-Performing Assets (NPAs)

Amount in crore Taka

Opening Balance	5.88
Additions	4.66
Reductions	1.77
Closing Balance	8.77

Movement of Specific Provisions for NPAs

Opening Balance	1.66
Provisions made during the period	-
Write-off	0.042
Written-back of excess provisions	0.89
Closing Balance	0.73

E) Equities: Banking book positions

Qualitative Disclosures

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

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

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

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

Quoted shares are valued at cost prices and if the total cost of a particular share is lower than the market value of that particular share, then provision are maintained as per terms and conditions of regulatory authority. Mutual funds have been valued at 85% of latest published NAV available as on June 30, 2015. On the other, unquoted share is valued at cost price or book value as per latest audited accounts.

Quantitative Disclosures

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

Particulars	Amount in crore Taka
Quoted shares (Market price)	15.19
Quoted shares (Cost Price)	30.24
Unquoted shares	1.20

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

Particulars	Amount in crore Taka
Cumulative realized gain	0.174

- (d)

Particulars	Amount in crore Taka
Total unrealized gains(Losses)	(5.81)
Total latent revaluation gains (Losses)	-
Any amounts of the above included in Tier 2 Capital	-

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

Specific Risk –Market value of investment in equities is BDT 15.19 crore. Capital requirement is 10% of the said value which stands at BDT 1.52 crore.

General Risk – Market value of investment in equities is BDT 15.19 crore. Capital requirement is 10% of the said value which stands at BDT 1.52 crore.

F) Interest rate in the banking book

Qualitative Disclosures

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

Interest rate risk in the banking book arises from mismatches between the future yield of assets and their funding cost. Assets Liability Committee (ALCO) monitors the interest rate movement on a regular basis.

DBH measures the interest rate risk by calculating maturity gap between Risk Sensitive Assets (RSA) and Risk Sensitive Liabilities (RSL) i.e. a positive maturity gap affect company's profitability positively with the increment of interest rate and negative maturity gap affects company's profitability adversely with the increment of interest rate.

Quantitative Disclosures

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

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

Particulars	Maturity wise Distribution of Assets-Liabilities				
	1 to 30/31 day (One month)	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year
A. Total Rate Sensitive Liabilities (A)	119.06	197.70	155.18	334.64	255.13
B. Total Rate Sensitive Assets (B)	95.48	319.71	163.96	239.53	254.04
C. Mismatch	-23.58	122.01	8.78	-95.12	-1.09
D. Cumulative Mismatch	-23.58	98.43	107.20	12.09	11.00
E. Mismatch (%)	-19.81%	61.71%	5.66%	-28.42%	-0.43%

Interest Rate Risk			
Magnitude of Shock	Minor	Moderate	Major
	2%	4%	6%
Change in the Value of Bond Portfolio (BDT in Crore)	0.00	0.00	0.00
Net Interest Income (BDT in Crore)	0.22	0.44	0.66
Revised Regulatory Capital (BDT in Crore)	338.14	338.36	338.58
Risk Weighted Assets (BDT in Crore)	1943.23	1943.23	1943.23
Revised CAR (%)	17.40%	17.41%	17.42%

G) Market Risk

Qualitative Disclosures

(a) Views of BOD on trading/investment activities

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

Method used to measure Market risk

Market risk is the probability of losing assets in balance sheet and off-balance sheet position arising out of volatility in market variables i.e. interest rate, exchange rate and prices of securities. In order to calculate the market risk for trading book purposes the company uses Standardize (rule based) Approach. Capital charge for interest rate risk and foreign exchange risk is not applicable to our company as we do not have such balance sheet items.

Market Risk Management System

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

Interest Risk Management

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

Market analysis

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

GAP analysis

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

Continuous Monitoring

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

Equity Risk Management

Equity Risk is the risk of loss due to adverse change in the market price of equities held by the Company.

Equity Risk is managed by the following manner:

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

Quantitative Disclosures

(b) The capital requirements for Market Risk:

Amount in crore Taka

Interest rate risk	-
Equity position risk	3.04
Foreign Exchange Position and Commodity risk (If any)	-

H) Operational Risk:

Qualitative disclosure:

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

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

Performance gap of executives and staff

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

Potential external events

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

Policies and Procedure for mitigating operational risk

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

Approach to calculating capital charge for operational risk:

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

Quantitative Disclosures:

b) Capital requirement for operational risk:

Amount in crore Taka

Capital requirement for operational risk:	24.68
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Report on Going Concern Status of DBH

Financial Statements of a Company are required to be prepared on the basis of going concern concept as per Bangladesh Accounting Standards (BAS)-1. Under this concept it is assumed that the Company will continue its business indefinitely and will not cease trading or liquidate and therefore the Company must be able to generate enough resources to stay operational.

The Board of Directors of Delta Brac Housing Finance Corp. Ltd. have made annual assessment about whether there exists a material uncertainty which may cast significant doubt upon the Company's ability to continue as going concern. The Director's assessment of whether the company is going concern entity involves making appropriate inquiries including review of budget and future outcome of inherent uncertainties in existence. The Directors are convinced from the following indications, which give reasonable assurance as to company's continuance as a going concern for the foreseeable future.

Financial Indications

Less reliance on short term borrowing:

At the end of June 2015, total short term borrowings of the Company were Taka 96.92 crore, representing only 3 percent of total liabilities that indicates the Company has least reliance on short term borrowings.

Continuous financial support from lenders/depositors:

The Company has a very good track record and reputation in settlement of its obligation with its lenders/depositors. So, we enjoy easy and fair access to the funding sources to meet our increasing need for growth. In 2014-15 our deposit portfolio has increased by 15 percent, which

reflect the growing confidence of depositors/lenders on DBH.

Positive key financial ratios:

The Company has very positive financial ratios as evident from financial summary given on page 21 of this Annual Report. Such positive financial ratios indicate Company's sound financial strength and good prospects.

Consistent payment of dividends:

The Company has been paying dividend consistently to its shareholders before listing that reflects Company's long-term viability in operational existence over many years. Historical dividend payment record is given on page 23 of this Annual Report.

Credibility in payment of obligations:

The Company has strong sincerity in terms of payment of its obligations to the lenders. The Company is very particular in fulfilling the terms of loan agreement and never defaulted to meet its obligations.

Term deposit from individuals and corporate with realistic renewal or repayment:

At the close of financial year 2014-15, total fixed deposit of the Company were Taka 2,470.31 crore. Based on past experience we can say that there is every possibility that major part of the deposit would be renewed further.

Operating Performance growth:

Though the overall financial sectors suffer during the year, DBH has maintained growth in its operating performance. Company's total loans & advances have increased from Taka 2,708.72 crore to Taka 2,924.83 crore, indicating a growth of 8 percent over last year. Total operating income

is Taka 178.35 crore and total profit after tax is Taka 68.53 crore. All those indicators support Company's continuance in foreseeable periods.

Operating Indications

No key management turnover

During the year 2014-15, the Company has not experienced any event of turnover in key management positions. Employees has long-term commitment and loyalty in the Company.

Corporate environment and employee satisfaction:

There exists a very good corporate environment in the Company. DBH is an excellent working place with friendly environment. Communication among the employees is very excellent. The company endeavors to be honest and practices fair treatment to all employees which ensures good corporate environment. The Company pays a very competitive compensation package and there exists a good number of employee benefits like transport benefit, maternity benefit, performance bonus, gratuity, provident fund etc., which considered to be instrumental for employee satisfaction.

Other Indications

Credit rating

DBH has assigned the highest rating of 'AAA' and short term rating of 'ST-1' for 9 (nine) consecutive years' which indicates the consistent upholding of good capital base, quality of assets, good franchise value and management excellence supported by a sound corporate structure.

Maintenance of sufficient capital:

As on 30 June 2015, the company's total equity stands at Tk. 317.09 crore. As per BASEL II guideline of Bangladesh Bank, minimum CAR requirement is 10% and as on 30 June 2015, DBH's Capital Adequacy Ratio is 17.39%.

As on June 30, 2015, the Company's total paid-up capital stands at Taka 116.05 crore, while the minimum paid-up capital as required by Bangladesh Bank is Taka 1,00.00 crore.

Strong equity base:

As on June 30, 2015, total equity of the Company stands at Taka 317.09 crore (2014- 277.57 crore) representing an increase of 14.23 percent over last year that reflects company's long-term viability.

Strong CAMEL rating:

CAMEL rating is used by Bangladesh Bank as a tool for evaluating the strength and performance of a non-banking financial institution. The composite rating adjudged by Bangladesh Bank signifies satisfactory performance of DBH.

Changes in Government policy:

Management anticipates no significant change in legislation or government policy, which may materially affect the business of the Company.

Based on the above indications, Directors feel it is appropriate to adopt going concern assumption and there is no material uncertainty in preparing the financial statements. Adequate disclosures have been made in the financial statements and different sections of the annual report to understand the appropriateness of going concern basis in preparing financial statements.

Certification on Financial Statements by CEO and CFO

The financial statements of the Delta Brac Housing Finance Corporation Ltd. are prepared in compliance with International Accounting Standard (IAS)/Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standards (IFRS)/ Bangladesh Financial Reporting Standard (BFRS), as applicable in the Country, and any departure there-from has been adequately disclosed.

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



Q. M. Shariful Ala
Managing Director & CEO

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

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



Syed Aminul Islam
SVP & Head of Finance

Delta Brac Housing Finance Corporation Limited

**Auditors' Report and
Audited Financial Statements**

For the year ended 30 June 2015

Independent Auditors' Report

To the Shareholders of Delta Brac Housing Finance Corporation Limited

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 2015 and the Profit & Loss Account, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs), the Financial Institution Act 1993, the rules and regulations issued by the Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSAs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company as at June 30, 2015 and its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards and comply with the Financial Institution Act 1993, the rules and regulations issued by Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that,

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

A handwritten signature in black ink, appearing to read 'A. Qasem & Co'.

Dated: Dhaka
September 30, 2015

A. Qasem & Co
Chartered Accountants

Balance Sheet


As at 30 June 2015

	Notes	June 30, 2015 Taka	June 30, 2014 Taka
PROPERTY AND ASSETS			
Cash		540,453,046	503,538,692
In hand	3.1	69,383	80,512
Balance with Bangladesh Bank and its agent bank	3.2	540,383,663	503,458,180
Balance with other banks and financial institutions		5,332,811,224	5,804,562,037
In Bangladesh	4.1	5,332,811,224	5,804,562,037
Outside Bangladesh		-	-
Money at call on short notice	5	-	-
Investments	6	364,409,364	370,108,738
Government		-	-
Others		364,409,364	370,108,738
Loans and advances		29,248,299,327	27,087,224,077
Loans and advances	7	29,248,299,327	27,087,224,077
Fixed assets including land, building, furniture and equipments	8	115,956,056	26,214,052
Other assets	9	84,149,494	153,285,180
Total Assets		35,686,078,511	33,944,932,776
LIABILITIES AND CAPITAL			
Liabilities			
Borrowing from other banks and financial institutions	10	5,308,507,195	7,052,079,138
Deposit and others accounts		24,703,115,270	21,549,503,042
Fixed deposits	11.1	24,703,115,270	21,549,503,042
Other deposits		-	-
Other liabilities	12	2,503,539,630	2,567,564,466
Total Liabilities		32,515,162,095	31,169,146,646
Shareholders' equity			
Paid-up capital	13.2	1,160,493,750	1,160,493,750
Share premium	14	55,000,000	55,000,000
Statutory reserve	15	811,924,646	674,873,901
Other reserves	16	781,540,000	568,040,000
Retained earnings	32	361,958,020	317,378,479
Total equity		3,170,916,416	2,775,786,130
Total liabilities and Shareholders' equity		35,686,078,511	33,944,932,776
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	17.1		
Acceptances and endorsement		-	-
Letter of guarantee		-	-
Irrevocable letter of credits		-	-
Bills for collection		-	-
Other contingent liabilities		16,739,437	71,985,456
Total contingent liabilities		16,739,437	71,985,456
Other commitments	17.2		
Documentary credit & short-term trade related transaction		-	-
Forward assets purchased and forward deposit placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		404,305,000	372,055,789
Total other commitments		404,305,000	372,055,789
Total Off-Balance Sheet items including contingent liabilities		421,044,437	444,041,245


Notes:

1. Auditors' Report-Page 1 & 2
2. The annexed notes 1 to 38 form an integral part of these financial statements.
3. These financial statements were approved by the Board of Directors on September 29, 2015 and were signed on its behalf by:


Faruq A Choudhury
Chairman


Nasir A. Choudhury
Director


Swapan Kumar Sarkar, FCA
Director


Q. M. Shariful Ala, FCA
Managing Director & CEO

Dated, Dhaka;
September 30, 2015


A. Qasem & Co.
Chartered Accountants

Profit and Loss Account

For the year ended 30 June 2015

	Notes	2014 - 2015 Taka	2013 - 2014 Taka
Interest Income	18	4,423,424,248	4,635,068,844
Interest paid on deposits and borrowings etc.	19	2,785,293,321	3,071,021,733
Net interest income		1,638,130,927	1,564,047,111
Income from investment	20	12,986,809	19,602,473
Commission, exchange and brokerage	21	104,390,616	98,475,718
Other operating income	22	28,028,566	28,284,739
Total operating income		1,783,536,918	1,710,410,041
Salary and allowances	23	228,428,656	189,059,414
Rent, taxes, insurance, electricity, etc.	24	35,918,099	33,163,896
Legal & professional expenses	25	1,391,877	1,401,448
Postage, stamp, telecommunication, etc.	26	6,045,565	5,287,243
Stationery, printing, advertisements, etc.	27	8,560,048	19,266,286
Managing Director's salary and fees		12,730,000	10,600,000
Directors' fees and expenses	28	821,241	1,071,140
Auditors' fees	29	287,500	258,750
Depreciation, repair & maintenance	30	22,266,077	20,668,817
Other expenses	31	29,328,087	34,926,171
Total operating expenses		345,777,150	315,703,165
Profit before provisions		1,437,759,768	1,394,706,876
Provisions			
Loans and advances	12.1.3	228,880,313	171,740,627
Diminution in value of investments	12.1.4	(50,512,555)	23,773,010
Total provisions		178,367,758	195,513,637
Profit before tax		1,259,392,010	1,199,193,239
Provision for tax			
Current	12.2	571,656,355	592,645,854
Deferred	9.3 a	2,481,931	(796,177)
		574,138,286	591,849,677
Profit after tax		685,253,724	607,343,562
Appropriations			
Statutory reserve		137,050,745	121,468,712
General reserve		-	-
Dividend on preference share		-	10,000,000
		137,050,745	131,468,712
Retained surplus		548,202,979	475,874,850
Earnings Per Share	33	5.90	5.15

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Director


Q. M. Shariful Ala, FCA
Managing Director & CEO

Dated, Dhaka;
September 30, 2015


A. Qasem & Co.
Chartered Accountants

Cash Flow Statement

For the year ended 30 June 2015

	2014 - 2015 Taka	2013 - 2014 Taka
Cash flows from operating activities		
Interest received	4,480,355,752	4,737,912,077
Interest payments	(2,856,959,405)	(3,332,657,773)
Dividend received	10,577,363	5,805,097
Fees and commission received	104,390,616	98,475,718
Paid to employees	(249,974,984)	(205,223,023)
Paid to suppliers and for various operating expenses	(90,407,629)	(84,467,298)
Income tax paid	(700,000,823)	(601,112,288)
Received from other operating activities	25,272,858	30,859,588
Cash generated from operating activities before		
Changes in operating assets and liabilities	723,253,748	649,592,098
Increase/(decrease) in operating assets and liabilities		
Loans and advances to customers	(2,172,321,601)	(1,799,272,712)
Other assets	31,107,847	(28,554,186)
Loans and deposits from banks and other customers	1,344,190,669	750,701,417
Other liabilities	(39,393,742)	(15,274,498)
Cash utilized in operating assets and liabilities	(836,416,827)	(1,092,399,979)
Net cash generated from operating activities	(113,163,079)	(442,807,881)
Cash flows from investing activities		
Net proceed from investment in trading securities	(34,300,627)	77,994,119
Other investments	40,000,000	(90,000,000)
Purchase of property, plant & equipment	(103,516,530)	(3,996,390)
Proceeds from sell of property, plant & equipment	417,600	196,640
Net cash used in investing activities	(97,399,557)	(15,805,631)
Cash flows from financing activities		
Payments for redemption of preference share	-	(100,000,000)
Payment of Preference share dividend	-	(20,000,000)
Cash dividend paid	(290,123,438)	(290,123,438)
Payment for finance lease	-	(1,257,631)
Net cash used in financing activities	(290,123,438)	(411,381,069)
Net increase in cash and cash equivalents	(500,686,074)	(869,994,581)
Cash and cash equivalents (net off overdraft) at the beginning of the period	5,944,791,494	6,814,786,075
Cash and cash equivalents (net off overdraft) at the end of the period	5,444,105,420	5,944,791,494

Notes:

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Q. M. Shariful Ala, FCA
Managing Director & CEO

Dated, Dhaka;
September 30, 2015


A. Qasem & Co.
Chartered Accountants

Statement of Changes in Equity

For the year ended June 30, 2015

Amount in Taka

Particulars	Paid-up Capital	Preference Share Capital	Share Premium	Statutory Reserve	General & Other Reserves	Retained earnings	Total
Balance as on 1 July 2014	1,160,493,750	-	55,000,000	674,873,901	568,040,000	317,378,479	2,775,786,130
Net profit (after tax) for the period	-	-	-	-	-	685,253,724	685,253,724
Transferred to reserve funds	-	-	-	137,050,745	213,500,000	(350,550,745)	-
Cash dividend paid						(290,123,438)	(290,123,438)
Balance as at June 30, 2015	1,160,493,750	-	55,000,000	811,924,646	781,540,000	361,958,020	3,170,916,416
Balance as at June 30, 2014	1,160,493,750	-	55,000,000	674,873,901	568,040,000	317,378,479	2,775,786,130

Liquidity Statement

As at June 30, 2015

Amount in Taka

Particulars	up to 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Above 5 Years	Total
Assets						
Cash (In hand and balance with Bangladesh Bank and its' agent bank)	540,453,046	-	-	-	-	540,453,046
Balance with other banks and financial institutions	532,811,224	3,850,000,000	950,000,000	-	-	5,332,811,224
Money at call on short notice	-	-	-	-	-	-
Investments	282,409,864	-	19,500,000	60,000,000	2,499,500	364,409,364
Loans and advances	609,823,665	987,638,008	3,942,737,737	13,802,640,495	9,905,459,422	29,248,299,327
Fixed assets including land, building, furniture and equipments	987,399	1,974,797	8,886,588	23,730,438	80,376,834	115,956,056
Other assets	20,627,700	40,847,039	17,889,120	4,785,635	-	84,149,494
Total Assets	1,987,112,898	4,880,459,844	4,939,013,445	13,891,156,568	9,988,335,756	35,686,078,511
Liabilities						
Borrowing from other banks and financial institutions	358,191,946	193,133,912	1,311,882,260	1,612,749,284	1,832,549,793	5,308,507,195
Deposits and other accounts	1,172,407,040	3,335,704,151	4,785,854,733	380,456,561	15,028,692,785	24,703,115,270
Other liabilities	235,078,092	565,099,001	1,110,808,535	263,655,319	328,898,683	2,503,539,630
Total liabilities	1,765,677,078	4,093,937,064	7,208,545,528	2,256,861,164	17,190,141,261	32,515,162,095
Net liquidity gap	221,435,820	786,522,780	(2,269,532,083)	11,634,295,404	(7,201,805,505)	3,170,916,416

Notes to the Financial Statements

as at and for the year ended 30 June 2015

1 Company and its activities

(a) Legal status

Delta Brac Housing Finance Corporation Limited (here-in-after referred to as “DBH” or “the Company”) was incorporated as a public limited company and obtained the Certificate of Commencement of Business under Companies Act 1994 on May 11, 1996. The Company has also been granted license under the Financial Institutions Act 1993 on July 15, 1996. The Company went for public issue in 2007-08 and the shares of the Company are listed in Dhaka and Chittagong Stock Exchanges in Bangladesh.

(b) Nature of business

i) The principal activities of the Company during the year were providing loans for construction of houses, purchases of flats or houses, extension and improvement of existing houses or flats and purchase of housing plots.

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 and basis of preparation

2.01 Statement of compliance

The financial statements have been prepared on a going concern basis and accrual method under historical cost convention and therefore did not take into consideration of the effect of inflation. The preparation and presentation of the financial statements and the disclosure of information have been made in accordance with the DFIM circular no. 11 dated 23rd December 2009 in conformity with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, the Financial Institutions Act 1993, Securities and Exchange Rules 1987, the listing regulations of Dhaka and Chittagong Stock Exchanges and other applicable laws & regulations in Bangladesh and practices generally followed by Housing Finance Institutions.

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

2.02 Going concern

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

2.03 Functional and presentation currency

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

2.04 Use of estimates and judgments

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

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

Impairment losses on loans and advances

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

2.05 Materiality and aggregation

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

2.06 Foreign currency transactions

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

2.07 Liquidity Statement

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

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

2.08 Property, plant and equipments

a. Recognition

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

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

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

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

b. Depreciation

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

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

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

c. De-recognition

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

2.09 Intangible assets

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

2.10 Loans - secured

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

2.11 Investment in securities

Investments are initially recognized at cost including acquisition charges with the investments. After initial recognition, investments in marketable securities except DBH First Mutual Fund and Green Delta Mutual Fund have been valued at cost or market price whichever is lower on an aggregate portfolio basis. Mutual Funds have been valued at 85% of latest published NAV available as on June 30, 2015 or cost price whichever is lower. Investment in non marketable securities have been valued at cost. Full provision for diminution in value of securities at the year end on aggregate portfolio basis excepts investment in mutual funds is made in the financial statements as required by Bangladesh Bank DFIM circular No. 02 dated January 31, 2012. Provision for mutual funds at the year end is made as required by Bangladesh Bank DFIM circular No. 05 dated May 11, 2015.

2.12 Cash and cash equivalents

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

2.13 Cash Flow Statements

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

2.14 Revenue recognition

Interest income

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

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

Fees and other charges on loans

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

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

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

Grant from IFC

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

Subjects to the terms and conditions during the year DBH received from IFC \$90,000 (in 2013-14: \$130,000.00) equivalent BDT 6,930,000 (in 2013-14 BDT 10,030,000).

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

2.15 Interest suspense account

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

2.16 Retirement benefit costs

i) Gratuity scheme

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

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

Less than 5 year of confirmed service - Nil

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

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

Maximum benefits - 50 times basic pay

ii) Contributory provident fund

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

2.17 Taxation

Current tax

Provision for income tax has been made at best estimate keeping in view the provisions of Income Tax Ordinance 1984 and amendments made thereto from time to time. Applicable rate of income tax for the company is 40%.

Deferred tax

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

2.18 Provision for loans

In addition to the provision made for loans and advances based on the guidelines of Bangladesh Bank, the Company's policy is to make provision for the loans and advances to cover the principal amount in respect of non performing loans when installments are outstanding for more than six months and any other overdue accounts on the basis of management's assessment where there are possibilities of impairment in future. The Company has made adequate provision which is more than the minimum regulatory requirement.

2.19 Write off

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

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

2.20 Interest expense

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

2.21 Earnings per share

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

2.22 Related party disclosures

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

2.23 Events after the balance sheet date

As per BAS 10 "Events after the balance sheet date", all material events occurring after the balance sheet date has been considered and where necessary, adjusted for or disclosed in note 38.3.

2.24 Contingent liabilities and contingent assets

The company does not recognize contingent liability and contingent assets but discloses the existence of contingent liability in the financial statements. A contingent liability is probable obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of uncertain future events not within the control of the company or present obligation that is not recognized because outflow of resources is not likely or obligation cannot be measured reliably.

2.25 Branch accounting

The Company has six offices (head office & five branches), with no overseas branch as on June 30, 2015. Accounts of the branches are maintained at the head office which are included in the accompanying financial statements.

2.26 General

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

2.27 Status of compliance of Bangladesh Accounting Standards and Bangladesh Financial Reporting standards

Name of the BAS	BAS No.	Status
Presentation of Financial Statements	1	**
Inventories	2	N/A
Statement of Cash Flows	7	Applied
Accounting Policies, Change in Accounting Estimates and Errors	8	Applied
Events after the Reporting Period	10	Applied
Construction Contracts	11	N/A
Income Taxes	12	Applied
Property, Plant and Equipment	16	Applied
Lease	17	N/A
Revenue	18	Applied
Employee Benefits	19	Applied
Accounting for Government Grants and Disclosure of Governments Assistance	20	Applied
The Effect of Changes in Foreign Exchange Rates	21	Applied
Borrowing Costs	23	N/A
Related Party Disclosures	24	Applied
Accounting and Reporting by Retirement Benefits Plans	26	N/A
Consolidated and Separate Financial Statements	27	N/A
Investment in Associates	28	N/A
Investment in Joint Ventures	31	N/A
Financial Instruments: Presentations	32	**
Earnings Per Share	33	Applied
Interim Financial Reporting	34	Applied
Impairment of Assets	36	Applied
Provision, Contingent Liabilities and Contingent Assets	37	Applied
Intangible Assets	38	Applied
Financial Instruments: Recognition and Measurement	39	**
Investment Property	40	N/A
Agriculture	41	N/A

Name of the BFRS	BFRS No.	Status
Share Base Payment	2	N/A
Business Combination	3	N/A
Insurance Contracts	4	N/A
Non-Currents Assets held for sale and discontinued operation	5	N/A
Exploration for and Evaluation of Mineral Resources	6	N/A
Financial Instruments: Disclosure	7	**
Operating Segment	8	N/A

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

2.28 Financial risk management

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

Credit risk

To encounter and mitigate credit risk, the company employed Multilayer approval process, policy for customers maximum asset exposure limit, mandatory search for credit report from Credit Information Bureau, looking into payment performance of customer before financing, annual review of clients, adequate insurance coverage for funded assets, vigorous monitoring and follow up by special assets management team, strong follow up of compliance of credit policies by operational risk management department, taking collateral, seeking external legal opinion, maintaining neutrality in politics and following arm's length approach in related party transactions, regular review of market situation and industry exposure etc.

Market risk

The Asset Liability Committee (ALCO) of the Company regularly meets to assess the changes in interest rate, market conditions, carry out asset liability maturity gap analysis, re-pricing of products and thereby takes effective measures to monitor and control interest rate risk. To encounter market risk we are negotiating for facilities that match the maturity structure with ideal interest rate, maintaining a balanced diversification in investments and maintaining prudent provisioning policies. The Company has also strong access to money market and credit lines at a competitive rate through good reputation, strong earnings, financial strength and credit rating.

Liquidity risk

Liquidity risk arises when a company is unable to meet the short term obligation to its lenders and stakeholders. This arises from the adverse mismatch of maturities of assets and liabilities. Liquidity requirements are managed on a day to day basis by the Treasury Division which is responsible for ensuring that sufficient funds are available to meet short term obligations, even in a crisis scenario, and for maintaining a diversity of funding sources. Treasury Division maintains liquidity based on historical requirements, anticipated funding requirements from operations, current liquidity positions, collections from financing, available sources of funds and risks and returns.

Operational risk

Operational risk is the potential loss arising from a breakdown in company's systems and procedures, internal control, compliance requirements or corporate governance practices that results in human error, fraud, failure, damage of reputations, delay to perform or compromise of the company's interests by employees. Appropriate internal control measures are in place, at the Company, to address operational risks. The Company has also established an internal control & compliance department (ICCD) to address operational risk and to frame and implement policies to encounter such risks. This department assesses operational risk across the Company as a whole and ensures that an appropriate framework exists to identify, assess and manage operational risk.

2.29 Implementation of BASEL-II

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

DBH management is aware about guideline of Bangladesh Bank and implemented Capital Adequacy requirement according to BASEL-II. BASEL-II implementation committee is headed by Managing Director & CEO.

	June 30, 2015 Taka	June 30, 2014 Taka
3 Cash		
3.1 Cash in hand		
Local Currency	69,383	80,512
Foreign Currency	-	-
	69,383	80,512
3.2 Balance with Bangladesh Bank and its' agents		
Bangladesh Bank:		
Local Currency	540,190,951	503,254,674
Foreign Currency	159,694	159,158
	540,350,645	503,413,832
Balance with Sonali Bank being an agent of Bangladesh Bank	33,018	44,348
	540,383,663	503,458,180

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

Cash Reserve Requirement and Statutory Liquidity Reserve have been calculated and maintained in accordance with Financial Institution Act - 1993 and Financial Institution Rules - 1994 and FID Circular no. 6 dated November 06, 2003 and FID Circular no. 02 dated November 10, 2004.

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

Statutory Liquidity Reserve (SLR) has been calculated at the rate of 5.0% on total liabilities (as defined in FID Circular No. 6 dated November 6, 2013), including CRR of 2.5% on Total Term Deposit. SLR is maintained in liquid assets in the form of cash in hand (notes & coin in BDT), balance with Bangladesh Bank and other banks and Financial Institutions, investment at call, unencumbered treasury bill, prize bond, savings certificate & any other assets approved by Bangladesh Bank.

	June 30, 2015 Taka	June 30, 2014 Taka
3.3.1 Cash Reserve Requirement (CRR)		
Required reserve	520,599,322	489,531,156
Actual average reserve maintained	540,717,512	510,506,789
Surplus/(deficit)	20,118,189	20,975,633
3.3.2 Statutory Liquidity Reserve (SLR)		
Required reserve (including CRR)	1,113,600,439	1,067,852,044
Actual reserve maintained (including CRR note -3.3.1)	1,723,104,576	1,857,941,571
Surplus/(deficit)	609,504,138	790,089,527
4 Balance with other banks and financial institutions		
In Bangladesh (Note 4.1)	5,332,811,224	5,804,562,037
Outside Bangladesh	-	-
	5,332,811,224	5,804,562,037
4.1 In Bangladesh		
Current deposits	52,551,187	28,409,540
Short-term deposits	30,260,037	26,152,497
Fixed deposits	5,250,000,000	5,750,000,000
	5,332,811,224	5,804,562,037

		June 30, 2015 Taka	June 30, 2014 Taka
4.2	Maturity grouping of balance with other banks and financial institutions		
	Payable on demand	52,551,187	28,409,540
	Up to 1 month	480,260,037	826,152,497
	Over 1 month but not more than 3 months	3,850,000,000	3,900,000,000
	Over 3 month but not more than 6 months	950,000,000	1,050,000,000
	Over 6 month but not more than 1 year	-	-
	Over 1 year but not more than 5 year	-	-
	Over 5 years	-	-
		<u>5,332,811,224</u>	<u>5,804,562,037</u>
5	Money at call on short notice	-	-
6	Investments		
	Government securities:	-	-
	Other investments:		
	Non marketable securities (Note-6.1)	11,999,500	11,999,500
	United power- redeemable preference share	-	90,000,000
	Union Capital- redeemable preference share	50,000,000	-
	Marketable securities (Note-6.2)	302,409,864	268,109,238
		<u>364,409,364</u>	<u>370,108,738</u>
6.1	Investment in non marketable securities		
	No. of shares		
	Bangladesh Rating Agencies Ltd.	24,995	2,499,500
	Energyprima Ltd. (Pre-IPO shares)	100,000	9,500,000
		<u>11,999,500</u>	<u>11,999,500</u>
6.2	Investment in marketable securities		
Sectors	Market price 2014-2015 Taka	Cost price	Cost price
Bank	2,940,700	3,640,039	4,614,723
Financial Institutions	439,600	175,000	-
Engineering	13,047,525	20,214,020	18,762,806
Fuel & Power	17,532,596	16,527,850	4,298,923
Insurance	8,726,482	19,511,271	18,298,448
Investment	80,000,000	209,742,081	213,171,903
Food & Allied	2,825,800	2,907,764	351,421
Pharmaceuticals & Chemicals	10,882,720	10,982,774	1,780,839
Service and Real Estate	3,563,600	3,820,068	-
Telecommunication	795,000	960,634	966,410
Cement	826,700	852,991	-
Ceramics	740,000	763,604	-
Textile	9,600,700	12,311,769	5,863,765
	<u>151,921,423</u>	<u>302,409,864</u>	<u>268,109,238</u>

All investment in marketable securities are valued on an aggregate portfolio basis except DBH First Mutual Fund and Green Delta Mutual Fund. Mutual funds have been valued at 85% of latest published NAV available as on June 30, 2015. As on June 30, 2015 there was TK.55,566,941 gross unrealized loss on investment in marketable listed securities and Tk 2,499,500 for non marketable securities (Bangladesh Rating Agencies Ltd). Full provision for which has been recognized in the financial statements. Market value has been determined on the basis of the value of securities at last trading date of June 2015 (last trading date was June 30, 2015).

	June 30, 2015 Taka	June 30, 2014 Taka
6.3 Maturity grouping of investments:		
On demand	282,409,864	248,109,238
Upto 1 month	-	-
Over 1 month but not more than 3 months	-	-
Over 3 month but not more than 6 months	9,500,000	27,500,000
Over 6 month but not more than 1 year	10,000,000	-
Over 1 year but not more than 5 year	60,000,000	72,000,000
Over 5 years	2,499,500	22,499,500
	<u>364,409,364</u>	<u>370,108,738</u>
7 Loans and advances		
Inside Bangladesh		
Housing Loan - secured	28,810,637,123	26,603,532,594
Installment Receivable - Housing Loan	104,598,044	115,322,370
Staff loan	125,302,400	123,654,297
Loan against Deposits	207,761,760	244,714,816
	<u>29,248,299,327</u>	<u>27,087,224,077</u>
Outside Bangladesh	-	-
	<u>29,248,299,327</u>	<u>27,087,224,077</u>
7.1 Maturity grouping of loans and advances		
Repayable on demand	104,598,044	115,322,370
Not more than 3 months	1,492,863,629	1,194,846,278
Over 3 month but not more than 1 years	3,942,737,737	3,491,756,935
Over 1 year but not more than 5 year	13,802,640,495	12,349,672,867
Over 5 years	9,905,459,422	9,935,625,627
	<u>29,248,299,327</u>	<u>27,087,224,077</u>
7.2		
a) Loans and advances to institutions in which directors have interest	-	-
b) Loans and advances to chief executive	-	-
c) Loans and advances to senior executives	11,819,652	12,508,774
d) Loans and advances to customer group:		
i) Housing loan - customer	28,915,235,167	26,718,854,964
ii) Staff loan-housing & others	113,482,748	111,145,523
iii) Loan to depositors	207,761,760	244,714,816
	<u>29,248,299,327</u>	<u>27,087,224,077</u>
e) Details of loan and advances industry-wise		
i) Housing Finance/ Real Estate	29,029,650,068	26,831,066,041
ii) Others	218,649,259	256,158,036
	<u>29,248,299,327</u>	<u>27,087,224,077</u>

	June 30, 2015 Taka	June 30, 2014 Taka
7.3 Loans and advances - geographical location-wise		
Inside Bangladesh		
Urban		
Dhaka	26,864,838,332	24,723,725,474
Chittagong	2,226,542,265	2,210,297,359
Sylhet	156,918,730	153,201,244
	<u>29,248,299,327</u>	<u>27,087,224,077</u>
Outside Bangladesh	-	-
	<u>29,248,299,327</u>	<u>27,087,224,077</u>

7.4 Details of large loans and advances

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

7.5 Particulars of Loans and advances

i) Loans and advances considered good in respect of which the financial institution is fully secured.	29,243,431,701	27,081,668,862
ii) Loans and advances considered good against which the financial institution holds no security other than the debtors personal security.	-	-
iii) Loan and advances considered good and secured by the personal security of one or more parties in addition to personal guarantee of debtors.	4,867,626	5,555,215
iv) Loan and advances adversely classified: for which no provision is created.	-	-
	<u>29,248,299,327</u>	<u>27,087,224,077</u>
v) Loans and advances due by directors and officers of the financial institution or any of them either separately or jointly with any other persons.	129,465,584	123,654,297
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, managers or officers of the financial institution or any of them either separately or jointly with any other person.	130,240,167	130,702,807

	June 30, 2015 Taka	June 30, 2014 Taka
viii) Maximum total amount of advances, including temporary advances, granted during the period to companies or firms in which the directors of the financial institution have interest as directors, partners or managing agents or in the case of private companies as members.	-	-
ix) Due from other bank and financial institutions	-	-
x) Information in respect of classified loans and advances		
a) Classified loans for which interest/profit not credited to income		
i) Increase/(decrease) of provision (specific)	205,276,920	154,476,260
ii) Amount of written off debt against fully provided debts	424,743	-
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	49,111,034	48,990,280
c) Amount of interest creditable to interest suspense account	39,621,245	33,697,414
xi) Cumulative amount of written off loans and advances		
Opening Balance	4,941,646	4,941,646
Amount written off during the year	424,743	-
Amount recovered against loans and advances previously written off	502,383	-
Balance of written off loans and advances yet to be recovered	4,864,006	4,941,646
7.6 Classification of loans and advances		
Unclassified		
Standard (including Staff Loan and Loan against Deposits)	29,122,019,094	26,928,875,328
Special mention account (SMA)	38,604,063	99,537,992
	29,160,623,157	27,028,413,320
Classified		
Sub-standard	7,240,783	9,820,477
Doubtful	31,324,353	-
Bad/loss	49,111,034	48,990,280
	87,676,170	58,810,757
	29,248,299,327	27,087,224,077

7.7 Calculation of provision for loans and advances as per Loan Classification Report as on June 30, 2015.

Nature	Base for provision	Rate (%)	Provision required
Standard	28,788,954,934	1	287,889,549
Special Mentioned account	33,439,100	5	1,671,955
Sub- standard	4,961	20	992
Doubtful	3,205,050	50	1,602,525
Bad	5,744,258	100	5,744,258
Staff - standard	125,302,400	1	1,253,024
Loan against deposit - standard	207,761,760	1	2,077,618

	June 30, 2015 Taka	June 30, 2014 Taka
8 Fixed assets including land, building, furniture and equipments:		
Freehold assets (Cost):		
Furniture & fixture	40,718,496	38,861,571
Office equipment	52,169,990	46,812,565
Vehicles	18,187,079	14,530,889
Building	85,283,922	4,785,450
Land	10,851,357	1,143,750
Intangible asset	1,675,730	1,135,230
	208,886,574	107,269,455
Less: Accumulated depreciation	92,930,518	81,055,403
	115,956,056	26,214,052
Detailed are shown in annexure A.		
9 Other assets		
Accounts receivable (Note-9.1)	61,686,836	132,249,628
Advances, deposits and prepayments (Note-9.2)	11,665,563	8,007,172
Deferred tax assets (Note-9.3)	8,483,276	10,965,207
Stamps and pay order in hand	2,313,819	2,063,173
	84,149,494	153,285,180
9.1 Accounts receivable		
Interest receivable	56,664,248	96,643,638
Dividend receivable	1,575,343	1,574,154
Sundry receivable	3,447,245	34,031,836
	61,686,836	132,249,628
9.2 Advances, deposits and prepayments		
Advance to employees	286,805	235,806
Advance to suppliers	4,722,917	1,870,000
Security deposits	3,096,000	3,004,000
Prepaid expenses	259,854	-
Advance rent	3,299,987	2,897,366
	11,665,563	8,007,172
9.3 Deferred tax assets		
Balance as on July 1	10,965,207	10,169,030
Add: Addition during the year (note-9.3 a)	(2,481,931)	796,177
Balance as at 30 June	8,483,276	10,965,207

	June 30, 2015 Taka	June 30, 2014 Taka
9.3 a Calculation of deferred tax		
Carrying amount of Fixed Assets(excluding land)	103,568,765	23,742,440
Tax base value of Fixed Assets	116,371,030	41,221,608
Deductible temporary difference	12,802,265	17,479,168
Applicable tax rate	40.00%	42.50%
i) Deferred tax assets on fixed assets	5,120,906	7,428,646
Carrying amount-Loss on sale of securities	33,623,695	35,365,604
Tax base	-	-
Deductible temporary difference	33,623,695	35,365,604
Applicable tax rate	10%	10%
ii) Deferred tax assets on loss on sale of securities	3,362,370	3,536,560
Total deferred tax assets (i+ ii)	8,483,276	10,965,207
Deferred tax (liability)/assets at the beginning of the year	10,965,207	10,169,030
Deferred tax income/(Expense)	(2,481,931)	796,177
10 Borrowing from other banks and financial institutions		
Inside Bangladesh (Note 10.1)	5,002,857,195	6,683,762,471
Outside Bangladesh (Note 10.2)	305,650,000	368,316,667
	5,308,507,195	7,052,079,138
10.1 Inside Bangladesh		
a Secured short and long-term loans		
Pubali Bank Limited	750,000,000	1,050,000,000
Citi Bank, N.A.	200,000,000	-
Commercial Bank of Ceylon plc	96,460,000	153,040,000
	1,046,460,000	1,203,040,000
b Unsecured long-term loan		
Bangladesh Bank (housing refinance)	3,187,238,345	3,467,413,236
	3,187,238,345	3,467,413,236
c Bank Overdraft		
Commercial Bank of Ceylon plc	270,002,757	159,557,273
Citi Bank, N.A.	23,162,677	507,940
HSBC	5,145,802	9,072,577
Standard Chartered Bank	75,418,089	86,165,562
Standard Bank Ltd.	45,332,422	108,002,966
Midland Bank Ltd.	10,076,389	284
United Commercial Bank Ltd.	-	245
Dhaka Bank Ltd.	-	2,388
South Bangla Bank	974	-
NRB Bank	19,740	-
	429,158,850	363,309,235

	June 30, 2015 Taka	June 30, 2014 Taka
d Call loans		
The City Bank Ltd.	-	-
United Commercial Bank Ltd.	40,000,000	100,000,000
Dutch Bangla Bank Ltd.	50,000,000	370,000,000
Pubali Bank Ltd.	40,000,000	-
Mutual Trust Bank Ltd.	60,000,000	-
Farmers Bank Ltd.	-	50,000,000
Sonali Bank Ltd.	50,000,000	150,000,000
Agrani Bank Ltd.	-	150,000,000
Prime Bank Ltd.	-	150,000,000
Premier Bank Ltd.	-	60,000,000
BRAC Bank Ltd.	-	110,000,000
NRB Global Bank Ltd.	-	150,000,000
Meghna Bank Ltd.	-	160,000,000
Janata Bank Ltd.	50,000,000	100,000,000
Basic Bank Ltd.	50,000,000	100,000,000
	<u>340,000,000</u>	<u>1,650,000,000</u>
Total inside Bangladesh(a+b+c+d)	5,002,857,195	6,683,762,471

10.2 Outside Bangladesh

Netherlands Development Finance Company (FMO)	94,000,000	156,666,667
Triodos	211,650,000	211,650,000
	<u>305,650,000</u>	<u>368,316,667</u>

10.3 Security against borrowings from other banks and financial institutions

Secured	1,781,268,850	1,934,665,902
Unsecured	3,527,238,345	5,117,413,236
	<u>5,308,507,195</u>	<u>7,052,079,138</u>

The aforesaid secured long term loans(10.1 a), loans from outside Bangladesh(10.2) and overdraft from Commercial Bank of Ceylon (CBC) are secured by first charge on company's all present and future movable and immovable assets including book debts (except Bangladesh Bank deposits and any lien created over short term fixed deposit accounts with any bank or similar depository institution as security for short term debt) ranking pari-passu security charges with other lenders of the company. Bank overdraft except overdraft from CBC and short term loan from Citi Bank, NA are secured by FDR.

10.4 Maturity grouping of borrowings from other banks and financial institutions

Payable on demand	340,000,000	1,650,000,000
Up to 1 month	18,191,946	19,886,813
Over 1 month but within 3 months	193,133,912	196,736,412
Over 3 months but within 1 year	1,311,882,260	846,553,894
Over 1 year but within 5 years	1,612,749,284	2,255,038,557
Over 5 years	1,832,549,793	2,083,863,462
	<u>5,308,507,195</u>	<u>7,052,079,138</u>

	June 30, 2015 Taka	June 30, 2014 Taka
11 Deposits and other accounts		
Fixed deposits (Note: 11.1)	24,703,115,270	21,549,503,042
11.1 Fixed Deposits		
Balance as on 01 July	21,549,503,042	19,539,937,251
Addition during the year	43,031,208,580	30,567,499,247
	64,580,711,622	50,107,436,498
Repayment made during the year	39,877,596,352	28,557,933,456
Balance as at 30 June	24,703,115,270	21,549,503,042
11.2 Group-wise break-up of deposits and others accounts		
Government	-	-
Bank	3,400,000,000	700,000,000
Other institutions	9,479,057,032	9,469,274,909
Individuals	11,824,058,238	11,380,228,133
	24,703,115,270	21,549,503,042
11.3 Maturity analysis of deposits		
Payable on demand	-	-
Up to 1 month	1,172,407,040	779,987,827
Over 1 month but within 6 months	6,340,500,055	2,803,491,920
Over 6 months but within 1 year	1,781,058,829	2,320,161,315
Over 1 year but within 5 years	380,456,561	328,271,804
Over 5 years but within 10 years	12,737,460,303	12,946,961,418
Over 10 years	2,291,232,482	2,370,628,758
	24,703,115,270	21,549,503,042
12 Other liabilities		
Provision for loans & investment (Note: 12.1)	1,053,538,105	874,886,032
Provision for income tax (Note: 12.2)	41,774,361	170,118,829
Interest suspense (Note: 12.3)	39,621,245	33,697,414
Other payables (Note:12.4)	1,368,605,919	1,488,862,191
	2,503,539,630	2,567,564,466
12.1 Provision for loans and investment		
Balance as on July 1	874,886,032	679,372,395
Provision written off	(218,068)	-
Provision recovered for the year	-	-
Provision charged for the year	178,367,758	195,513,637
Recoveries of amounts previously written off	502,383	-
Balance as at 30 June	1,053,538,105	874,886,032

	June 30, 2015 Taka	June 30, 2014 Taka
12.1.1 General Provision		
Balance as on July 1	269,288,753	252,024,386
Charged during the year	23,603,393	17,264,367
Balance as at 30 June	292,892,146	269,288,753
12.1.2 Specific Provision		
Balance as on July 1	497,018,283	342,542,023
Provision written off	(218,068)	-
Provision recovered during the year	-	-
Provision charged for the year	205,276,920	154,476,260
Provision no longer required written back.	-	-
Recoveries of amounts previously written off	502,383	-
Balance as at 30 June	702,579,518	497,018,283
12.1.3 Provision on Loans and advances		
General Provision charged during the year	23,603,393	17,264,367
Specific Provision charged during the year	205,276,920	154,476,260
	228,880,313	171,740,627
12.1.4 Provision for diminutions in the value of investments		
Balance as on July 1	108,578,996	84,805,986
Provision during the year	(50,512,555)	23,773,010
Balance as at 30 June	58,066,441	108,578,996
12.2 Provision for income tax including deferred tax		
Balance as on July 1	170,118,829	178,585,263
Addition during the year (Current tax)	571,656,355	592,645,854
Tax paid	(700,000,823)	(601,112,288)
	41,774,361	170,118,829
Deferred tax liability	-	-
Balance as at 30 June	41,774,361	170,118,829
12.3 Interest suspense		
Balance as on July 1	33,697,414	24,538,519
Interest suspended during the year	6,130,506	9,158,895
Recovery of suspended interest during the year	-	-
Written off suspended interest during the year	(206,675)	-
Balance as at 30 June	39,621,245	33,697,414

	June 30, 2015 Taka	June 30, 2014 Taka
12.4 Other payables		
Interest payable on deposit & loans	1,165,902,196	1,237,568,280
Sundry creditors	72,648,767	80,778,390
Unclaimed instruments	25,547,407	23,624,461
Payable to clients	55,049,686	54,232,764
Loan under litigation	9,004,311	14,158,103
Privileged creditors	38,576,469	75,557,520
Liability for expenses	1,877,083	2,942,673
	<u>1,368,605,919</u>	<u>1,488,862,191</u>
13 Share Capital		
13.1 Authorized capital		
199,950,000 Ordinary shares of Tk. 10 each	1,999,500,000	1,999,500,000
5,000 Preference shares of Tk. 100 each	500,000	500,000
	<u>2,000,000,000</u>	<u>2,000,000,000</u>
13.2 Issued, subscribed, called and paid -up capital		
Ordinary shares		
116,049,375 Ordinary shares Taka 10 each		
(2013-14: 116,049,375 Ordinary shares Taka 10 each)	1,160,493,750	1,160,493,750
	<u>1,160,493,750</u>	<u>1,160,493,750</u>
2014-2015		
	No. of shares	Taka
13.3 Capital of the Company is held by the following shareholders		
<u>Ordinary shares</u>		
Local shareholders:		
BRAC	21,339,630	213,396,300
Delta Life Insurance Company Ltd	20,456,500	204,565,000
Green Delta Insurance Company Ltd	17,761,727	177,617,270
General shareholders	14,415,771	144,157,710
	<u>73,973,628</u>	<u>739,736,280</u>
Foreign shareholders:		
International Finance Corporation	14,183,801	141,838,010
HDFC Investments Ltd (HIL), India	14,183,801	141,838,010
General shareholders	13,708,145	137,081,450
	<u>42,075,747</u>	<u>420,757,470</u>
	<u>116,049,375</u>	<u>1,160,493,750</u>

13.4 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	883	182,394	0.16
501-5000	1053	1,798,522	1.55
5001-10000	76	546,949	0.47
10001-20000	51	679,000	0.59
20001-30000	17	428,418	0.37
30001-40000	9	317,399	0.27
40001-50000	7	340,587	0.29
50001-100000	10	795,063	0.69
100001-1000000	22	7,255,006	6.25
Over 1000000	10	103,706,037	89.36
		<u>116,049,375</u>	<u>100</u>

	June 30, 2015 Taka	June 30, 2014 Taka
13.5 Capital Adequacy Ratio - As per BASEL-II		
1. Tier-1 (Core Capital)		
1.1 Fully Paid-up Capital/Capital Deposited with BB	1,160,493,750	1,160,493,750
1.2 Statutory Reserve	811,924,646	674,873,901
1.3 Non-repayable Share premium account	55,000,000	55,000,000
1.4 General Reserve	608,040,000	408,040,000
1.5 Retained Earnings	361,958,020	317,378,479
1.6 Minority interest in Subsidiaries	-	-
1.7 Non-Cumulative irredeemable Preferences shares	-	-
1.8 Dividend Equalization Account	173,500,000	160,000,000
1.9 Others (if any item approved by Bangladesh Bank)	-	-
1.10 Sub-Total (1.1 to 1.9)	<u>3,170,916,416</u>	<u>2,775,786,130</u>
Deductions from Tier-1 (Core Capital)		
1.11 Book value of Goodwill and value of any contingent assets which are shown as assets	-	-
1.12 Shortfall in provisions required against classified assets	-	-
1.13 Shortfall in provisions required against investment in shares	-	-
1.14 Remaining deficit on account of revaluation of investments in securities after netting off from any other surplus on the securities.	-	-
1.15 Any investment exceeding the approved limit.	-	-
1.16 Investments in subsidiaries which are not consolidated	-	-
1.17 Increase in equity capital resulting from a securitization exposure	-	-
1.18 Other (if any)	-	-
1.19 Sub Total (1.11-1.18)	<u>-</u>	<u>-</u>
1.20 Total Eligible Tier-1 Capital (1.10-1.19)	<u>3,170,916,416</u>	<u>2,775,786,130</u>

	June 30, 2015 Taka	June 30, 2014 Taka
2. Tier-2 (Supplementary Capital)		
2.1 General Provision (Unclassified loans up to specified limit + SMA + off Balance Sheet exposure)	208,258,100	208,650,035
2.2 Assets Revaluation Reserves up to 50%	-	-
2.3 Revaluation Reserve for Securities up to 45%	-	-
2.4 Revaluation reserve for equity instrument up to 10%	-	-
2.5 All other preference shares	-	-
2.6 Other (if any item approved by Bangladesh Bank)	-	-
2.7 Sub-Total (2.1 to 2. 6)	208,258,100	208,650,035
2.8 Applicable Deductions if any	-	-
2.9 Total Eligible Tier-2 Capital (2.7-2.8)	208,258,100	208,650,035
Total capital	3,379,174,516	2,984,436,165
Total risk weighted assets	19,432,276,186	19,150,649,647
Required capital based on risk weighted assets(10%)	1,943,227,619	1,915,064,965
Surplus	1,435,946,897	1,069,371,200
Capital Adequacy Ratio:		
On core capital	16.32%	14.49%
On actual capital (against standard of minimum 10%)	17.39%	15.58%
Supplementary Capital to risk weighted assets	1.07%	1.09%
14 Share premium account		
Ordinary shares	55,000,000	55,000,000
	<u>55,000,000</u>	<u>55,000,000</u>
15 Statutory reserve		
Balance as on July 1	674,873,901	553,405,189
Add: addition during the year (20% of profit after tax)	137,050,745	121,468,712
Balance as at 30 June	<u>811,924,646</u>	<u>674,873,901</u>
This reserve has been created as per the provision of Financial institution Rules 1993.		
16 Other reserves		
Contingency Reserve (Note 16.1)	600,000,000	400,000,000
General Reserve (Note 16.2)	8,000,000	8,000,000
Dividend equalization reserve (Note 16.3)	173,500,000	160,000,000
Capital redemption reserve	40,000	40,000
	<u>781,540,000</u>	<u>568,040,000</u>

An amount of Tk 40,000/- has been transferred out of profit to "Capital redemption reserve" in redeeming 400 nos of preference share @ Tk 100 each as per section 154(1)(C) of Companies Act 1994.

	June 30, 2015 Taka	June 30, 2014 Taka
16.1 Contingency Reserve		
Balance as on July 1	400,000,000	240,000,000
Add: addition during the year	200,000,000	160,000,000
Balance as at 30 June	600,000,000	400,000,000
16.2 General Reserve		
Balance as on July 1	8,000,000	8,000,000
Add: addition during the year	-	-
Balance as at 30 June	8,000,000	8,000,000
16.3 Dividend equalization reserve		
Balance as on July 1	160,000,000	130,000,000
Add: addition during the year	13,500,000	30,000,000
Balance as at 30 June	173,500,000	160,000,000
17 Business commitments and contingencies		
17.1 Contingent liabilities	16,739,437	71,985,456

The said amount claimed by the tax authority for the assessment year 2004-05, 2005-06 assessed by disallowing statutory reserve and simple interest charged on net tax payable as per assessment order.

Consequently, there is a contingent liability for the above amounts which have not been recognized as liability in anticipation of consequential relief would be granted in favor of the Company like the previous and subsequent years. However we have enough tax provision to cover the above amount, if any liability arises in future.

17.2 Other Commitments

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

Housing finance commitments outstanding	404,305,000	372,055,789
Bank borrowing commitments outstanding	-	-
17.3 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

17.4 Unacknowledged debts

The Company had no claim, legal or other against it, which has not been acknowledged as debt at the balance sheet date.

	2014 - 2015 Taka	2013 - 2014 Taka
18 Interest income		
Interest on loans	3,877,136,464	3,950,894,027
Interest on placement with other banks & BB FX deposits	546,287,784	681,798,428
Interest on short term investment	-	2,376,389
	<u>4,423,424,248</u>	<u>4,635,068,844</u>
19 Interest on deposits and borrowing		
Interest on term loans	323,728,869	467,371,570
Interest on deposits	2,307,841,081	2,500,138,519
Interest on short-term borrowing	147,832,188	97,365,889
Interest on overdraft	5,891,183	6,071,363
Interest on finance lease	-	74,392
	<u>2,785,293,321</u>	<u>3,071,021,733</u>
20 Income from investments		
Gain/(loss) on sale of marketable securities	1,741,909	2,733,722
Dividend income	11,244,900	7,298,751
Interest on Orascom Telecom Bond	-	9,570,000
	<u>12,986,809</u>	<u>19,602,473</u>
21 Commission, exchange and brokerage		
Loan fees	62,855,394	57,100,435
Other charges and fees	41,535,222	41,375,283
	<u>104,390,616</u>	<u>98,475,718</u>
22 Other operating income		
Property service income	5,529,161	8,025,051
Gain on sale of fixed assets	-	158,873
Grant from IFC	6,930,000	10,030,000
Miscellaneous income	15,569,405	10,070,815
	<u>28,028,566</u>	<u>28,284,739</u>
23 Salary and allowances	<u>228,428,656</u>	<u>189,059,414</u>
Salary and allowances include annual contribution of Tk. 6,634,674 (2013-14: Tk. 6,226,938) to provident fund and Tk. 23,597,597 (2013-14: Tk. 10,097,593) to gratuity fund.		
24 Rent, taxes, insurance, electricity, etc		
Rent, rates & taxes	28,772,137	26,480,290
Insurance	2,165,414	2,090,929
Electricity	4,599,556	4,245,842
Water	380,992	346,835
	<u>35,918,099</u>	<u>33,163,896</u>

	2014 - 2015 Taka	2013 - 2014 Taka
25 Legal and professional expenses		
Law charges	613,071	702,501
Other professional charges	778,806	698,947
	<u>1,391,877</u>	<u>1,401,448</u>
26 Postage, stamps, telecommunication, etc.		
Postage & courier service	945,103	907,450
Stamp expenses	2,196,337	882,172
Telephone & internet	2,904,125	3,497,621
	<u>6,045,565</u>	<u>5,287,243</u>
27 Stationery, printing, advertisements, etc.		
Printing	2,239,549	2,636,457
Stationery	1,374,864	1,111,915
Publicity and advertisement	4,945,635	15,517,914
	<u>8,560,048</u>	<u>19,266,286</u>
28 Directors' fees and expenses		
Fees for attending meeting	255,000	350,000
Incidental meeting expenses	566,241	721,140
	<u>821,241</u>	<u>1,071,140</u>
29 Auditors' fees		
Statutory annual audit fees (including VAT)	287,500	258,750
	<u>287,500</u>	<u>258,750</u>
30 Depreciation, repairs & maintenance		
Freehold assets	13,150,853	12,343,171
Leasehold assets	-	1,071,304
Intangible assets	153,108	179,111
	<u>13,303,961</u>	<u>13,593,586</u>
<u>Repairs & Maintenance</u>		
Vehicle	1,382,385	1,092,700
Office equipment & premises	4,473,836	3,289,677
Computer hardware & software	3,105,895	2,692,854
	<u>8,962,116</u>	<u>7,075,231</u>
	<u>22,266,077</u>	<u>20,668,817</u>

31 Other expenses

	2014 - 2015 Taka	2013 - 2014 Taka
Staff training & recruitment expense	587,573	3,094,959
Office security	2,368,110	2,243,836
Transportation, traveling & conveyance	11,373,241	11,187,994
Canteen expense	1,430,027	2,072,897
Business promotion & entertainment	855,709	676,127
Car fuel	1,677,339	1,721,917
Books and papers	77,766	83,197
Bank charges	2,501,717	3,036,462
Loss on sale of fixed assets	52,965	-
Donation, subscription and Fees	2,006,275	5,488,000
Public relation & AGM expense	523,324	751,407
Brokerage	627,706	488,220
Staff welfare expense	165,210	42,000
Outsource agency charges	5,081,125	4,039,155
	<u>29,328,087</u>	<u>34,926,171</u>

32 Retained earnings

Balance as on July 01	317,378,479	321,667,067
Add: Profit after tax for the year transferred from Profit & Loss Account	685,253,724	607,343,562
Accumulated profit available for distribution	<u>1,002,632,203</u>	<u>929,010,629</u>
Less: Appropriations		
Transferred to statutory reserve	137,050,745	121,468,712
Transferred to contingency reserve	200,000,000	160,000,000
Transferred to dividend equalization reserve	13,500,000	30,000,000
Transferred to capital redemption reserve	-	40,000
Dividend on preference share	-	10,000,000
Cash dividend paid for last year	<u>290,123,438</u>	<u>290,123,438</u>
	<u>640,674,183</u>	<u>611,632,150</u>
Balance as at 30 June	<u>361,958,020</u>	<u>317,378,479</u>

33 Earnings Per Share

Profit after Tax	685,253,724	607,343,562
Less: Preference share dividend	-	10,000,000
Profit available for ordinary shareholders	<u>685,253,724</u>	<u>597,343,562</u>
Number of shares outstanding for calculating basic EPS	<u>116,049,375</u>	<u>116,049,375</u>
Basic earnings per share	<u>5.90</u>	<u>5.15</u>

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

34 Dividend on ordinary shares

a) Proposed dividend:

The Board of Directors in its 84th meeting held on September 29, 2015 has recommended cash dividend @ 30% i.e. Taka 3.00 per ordinary share for the year ended 30 June 2015 for placement before the shareholders for approval at 19th AGM of the company.

b) Dividend to non -resident shareholders:

The Company's non resident shareholders as on 30 June 2015 include two foreign investors (International Finance Corporation and HDFC Investments Ltd, India) holding total 28,367,602 shares (2013-14 :28,367,602). The shareholders in its 18th AGM approved 25% cash dividend for the year ended 30 June 2014. Cash dividend Tk. 70,919,005 remitted duly after deduction of tax applicable as per law to the non resident shareholders during the year under review.

35 Foreign currency inward/outward remittance

Name of the Organization	Currency	Particulars	Amount in FC	Amount in Tk.
FMO	BDT	Principal	-	62,666,666
FMO	BDT	Interest	-	14,911,838
Triodos	BDT	Principal	-	-
Triodos	BDT	Interest	-	25,143,904
Singapore Institute of Management	SGD	Membership & training fees	133.75	8,088
Inward remittance				
International Finance Corporation (IFC)	BDT	Grant	-	6,930,000

36 Related party transactions

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

Name of the related parties	Relationship	Particulars	Expenses incurred during the year Taka
Delta Life Insurance Company Limited	Shareholder	Insurance premium	1,232,883
Green Delta Insurance Company Limited	Do	Insurance premium	932,531
Name of the related parties	Relationship	Particulars	Received during the year Taka
International Finance Corporation (IFC)	Shareholder	Grant	6,930,000

37 Number of Employees

During the year under audit, there were 162 (2013-2014: 169) employees employed for the full period and 52 (2013-2014:26) employees for less than full period at a remuneration of Taka 3,000 and above per month.

38 General Disclosure

38.1 Name of Directors and entities in which they have interest as Director as at 30 June 2015:

Name	Position at 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. Nasir A. Choudhury	Director	Green Delta Insurance Company Ltd.	Advisor
		Nascom (Pvt.) Ltd.	Managing Director
		Progressive Life Insurance Co. Ltd.	Director (Representing GDIC)
		United Hospital (Pvt) Ltd	Director (Representing GDIC)
		Green Delta Securities Ltd.	Chairman (Representing GDIC)
		Green Delta Capital Ltd.	Chairman (Representing GDIC)
Mr. A Z Mohammad Hossain	Director	Chandra Spinning Mills Ltd	Managing Director
Mr. Rajeev Sardana, FCA	Director	HDFC Ltd.	Member of the Executive Management, HDFC
Ms. Mehreen Hassan, Bar-at-Law	Director	NIL	NIL
Mr. Swapan Kumar Sarkar, FCA	Director	Delta Life Insurance Company Ltd.	Managing Director & CEO
		DLIC Securities Ltd.	Chairman
Ms. Adeeba Rahman, ACII- Life	Director	Delta Life Insurance Company Ltd.	Additional Managing Director
Dr. A M R Chowdhury	Director	BRAC	Vice Chairperson
Mr. M I Chowdhury	Independent Director	Social Development Foundation(SDF)	Chairman
		Prime Finance & Investment Ltd.	Independent Director
		Rajdhani Mohila College	Chairman, Managing Committee
Ms. Syeda Rizwana Hasan	Independent Director	Bangladesh Environmental Lawyers Association (BELA)	Chief Executive
		Rangpur Dinajpur Rural Services (RDRS)	Chairperson
		NGO Forum on Ship Breaking	Member, Executive Board
		SANDEE	Member, Board

38.2 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. M I Chowdhury	Independent Director	Chairman	MA
Mr. Faruq A. Choudhury	Chairman	Member	B.A. (Honors) & Diploma in International Law (Tufts University, USA)
Mr. Nasir A. Choudhury	Director	Member	MA
Mr. A Z Mohammad Hossain	Director	Member	L.L.B
Mr. Swapan Kumar Sarkar	Director	Member	FCA

During the period from July 2014 to June 2015, the audit committee of the Board conducted 4 (four) meetings.

SI No	Meeting No	Meeting Date
1	27 th	10/09/2014
2	28 th	10/11/2014
3	29 th	20/01/2015
4	30 th	22/04/2015

The Committee discussed among others, the following issues:

Review of Internal Compliance Report.

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

38.3 Events after the Balance Sheet date

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

38.4 Comparative Information

Previous year's figures have been re-arranged whenever considered necessary to conform to current year's presentation.

Annexure-A

Schedule of Fixed assets and Intangible assets

Amount in Taka

Particulars	COST				DEPRECIATION / AMORTIZATION				Written down value as at 30 June 2015
	Balance as on 1 July 2014	Additions during the year	Disposals during the year	Balance as at 30 June 2015	Balance as on 1 July 2014	Charged for the year	Adjustment on disposals	Balance as at 30 June 2015	
Free hold assets:									
Furniture & fixture	38,861,571	3,073,207	1,216,282	40,718,496	30,728,676	3,564,527	1,018,039	33,275,164	7,443,332
Equipment	46,812,565	5,651,744	294,319	52,169,990	36,696,284	5,491,161	294,287	41,893,158	10,276,832
Vehicles	14,530,889	4,045,000	388,810	18,187,079	11,025,277	2,578,620	116,521	13,487,376	4,699,703
Building	4,785,450	80,498,472	-	85,283,922	1,745,014	1,516,546	-	3,261,560	82,022,362
Land	1,143,750	9,707,607	-	10,851,357	-	-	-	-	10,851,357
	106,134,225	102,976,030	1,899,411	207,210,844	80,195,251	13,150,854	1,428,847	91,917,258	115,293,586
Intangible asset									
Software	1,135,230	540,500	-	1,675,730	860,152	153,108	-	1,013,260	662,470
Total 2014-15	107,269,455	103,516,530	1,899,411	208,886,574	81,055,403	13,303,962	1,428,847	92,930,518	115,956,056
Total 2013-14	113,423,585	3,996,390	10,150,520	107,269,455	77,574,568	13,593,586	10,112,751	81,055,403	26,214,052



**DELTA BRAC HOUSING FINANCE
CORPORATION LIMITED**

Head Office: Landmark Building (9th Floor)
12-14 Gulshan North C/A, Gulshan-2,
Dhaka-1212, PABX: 09612 334455,
+880 (2) 9842374, Fax: + 880 (2) 9882110
Web: www.deltabrac.com
E-mail: dbh@deltabrac.com

Proxy Form

I/We
of being a member of Delta
Brac Housing Finance Corporation Ltd. and a holder of shares hereby appoint
Mr./Ms of as my/our
proxy to vote for me/us and on my/our behalf at the 19th Annual General Meeting of the Company to be held on
December 08, 2015 (Tuesday) and any adjournment thereof.

Signed this day of 2015.

Signature

Name
(Member)

Revenue
Stamp

Signature

Name
(Proxy)

Folio/BO ID No.

Folio/BO ID No.

NOTES:

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



**DELTA BRAC HOUSING FINANCE
CORPORATION LIMITED**

Head Office: Landmark Building (9th Floor)
12-14 Gulshan North C/A, Gulshan-2,
Dhaka-1212, PABX: 09612 334455,
+880 (2) 9842374, Fax: + 880 (2) 9882110
Web: www.deltabrac.com
E-mail: dbh@deltabrac.com

Attendance Slip

I/We hereby record my/our attendance at the 19th Annual General Meeting of Delta Brac Housing Finance Corporation Limited on December 8, 2015 (Tuesday) at 11.00 a.m. at The Eden Ball Room of Hotel Amari, House-47, Road- 41, Gulshan-2, Dhaka-1212 as a holder of shares of the Company.

Signature

Name
(Member/Proxy)

Folio/BO ID No.

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

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