DBH

ANNUAL REPORT

July 2016-December 2016

DREAMS ARE EVERYWHERE

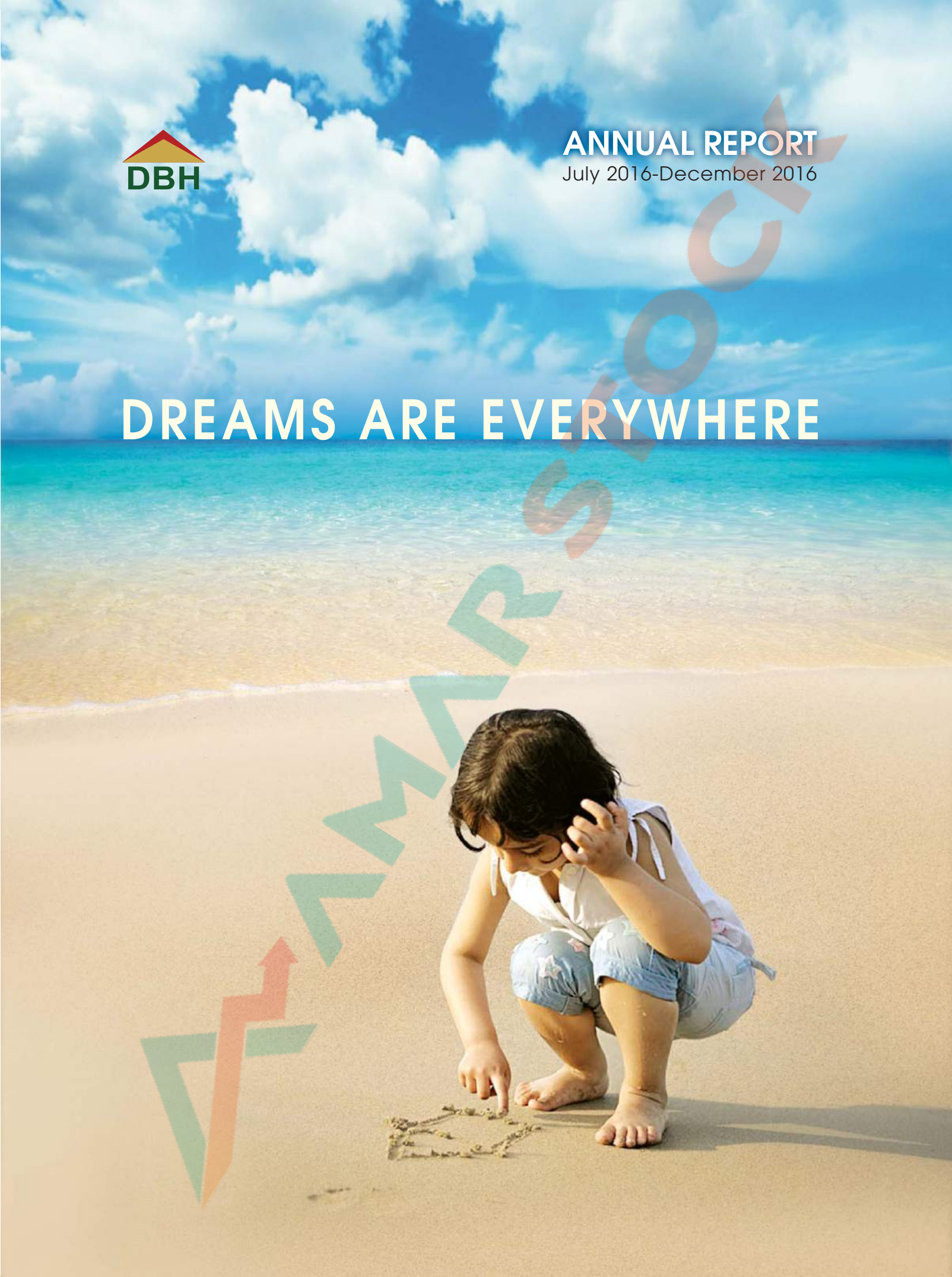

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TABLE OF CONTENTS

Letter of Transmittal	04
Notice of the 21st AGM	05
Core Values, Corporate Profile & Corporate Responsibility	06
Mission, Vision, Strategic Objectives & Competitive Strengths	07
Corporate Directory	08
Profile of the Board of Directors	10
Board Committees	20
Management & Executives	21
Operational and Financial Highlights	22
Financial Highlights as required by Bangladesh Bank	23
Historical Record of Dividend Payment	24
Graphical Presentation of Performances	25
Value Added Statement	28
Market Value Added Statement	29
Economic Value Added Statement	30
Message from the Chairman	31
Directors' Report	34
Report on Corporate Governance	51



Certificate on Corporate Governance	62
Statement of compliance with the good governance guidelines issued by Bangladesh Bank	63
Report on Internal Control	66
Audit Committee Report	68
Green Banking Activities	71
Corporate Social Responsibility	72
Disclosure on Capital Adequacy & Market Discipline	74
Report on Going Concern	82
Directors' Responsibility Statement	84
Certification on Financial Statements by CEO and CFO	85
Auditors' Report	87
Balance Sheet	89
Profit & Loss Account	90
Cash Flow Statement	91
Statement of Changes in Equity	92
Liquidity Statement	93
Notes to the Financial Statements	94
Proxy Form & Attendance Slip	127

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.
S F Ahmed & Company, Auditors
Chairman, Audit Committee

Dear Sir/Madam,

Re: Annual Report for the period of July 1, 2016 to December 31, 2016.

We are pleased to enclose a copy of the Annual Report together with the audited financial statements including balance sheet as at December 31, 2016, profit & loss account, cash flow statement and statement of changes in equity for the period of July 1, 2016 to December 31, 2016 along with notes thereon for your kind information and record.

Thank you.

Yours sincerely,



Jashim Uddin, FCS
Company Secretary

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Notice of the 21st Annual General Meeting

Notice is hereby given that the **21st Annual General Meeting** of the Members of the Company will be held on **May 23, 2017 (Tuesday)** at 10.30 a.m. at The "Gressho – ABC" Hall of Six Seasons Hotel, House- 19, Road- 96, Gulshan-2, Dhaka-1212 to transact the following businesses:

1. Consideration and adoption of Directors' Report, Audited Financial Statements for the 6 (six) months period ended December 31, 2016 and the Auditors' Report thereon.
2. Declaration of dividend for the 6 (six) months period ended December 31, 2016.
3. Appointment/Re-appointment of Directors.
4. Appointment of Auditors and fixation of their remuneration.

By order of the Board

Sd/-
Jashim Uddin, FCS
Company Secretary

Dated: May 8, 2017

Notes:

a. Members whose names appeared on the Depository/Members Register as on "Record Date" i.e. **May 7, 2017** are eligible to attend the Annual General Meeting (AGM) and receive dividend.

b. A Member may appoint a proxy to attend and vote in his/her place by filing 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, Members 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.

e. The concerned Trusty Board of approved superannuation fund, pension fund, gratuity fund, recognize provident fund and workers participation fund are requested to provide us updated tax rebate certificate on or before May 20, 2017 through mail/courier.

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

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Core Values



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 eleven 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.

Competitive Strengths

DBH is the major player in the housing finance sector in Bangladesh since 1997 and remains one of the leading non-bank financial institutions. Today, we are an acclaimed brand for a high level of customer service; and respected for ethics, values and corporate governance.

We have developed an attractive suite of products that cater to all customer segments, with our primary focus to strengthen the society by expanding home ownership. By leveraging our understanding of customers from different economic segments, we are today in a position to extend a range of products and services in loans as well as deposits through our specialized team members. Thus, we provide one stop facility for our customer needs.

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Corporate Directory

Head Office

Landmark Building (9th Floor)
12-14 Gulshan North C/A, Gulshan-2, Dhaka-1212
Phone: 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
Phone: 09612-334455, +880 (2) 48110390,
9124112, 58155745, Fax: +880 (2) 8117264

Motijheel Branch
D R Tower (7th floor), 65/2/2, Purana Paltan
Box Culvert Road, Dhaka-1000
Phone: 09612 334455, +880 (2) 47111774,
47111778, 9565053, Fax: +880 (2) 9554269

Uttara Branch
Union Nahar Square (4th floor)
Sonargaon Janapath Road,
Sector 13, Plot 19, Uttara, Dhaka 1230
Phone: 09612 334455 +880 (2)8991580,
02-8933057, Fax: +880 (2) 8991538 (Ext-107)

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

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

Bankers

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

Auditors

S F Ahmed & Co.
Chartered Accountants
House # 51 (2nd Floor), Road # 9, Block # F, Banani, Dhaka-1213.

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Board of Directors

From Left Sitting

M I Chowdhury
Independent Director

Nasir A. Choudhury
Vice Chairman

Faruq A Choudhury
Chairman

Swapan Kumar Sarkar, FCA
Director

From Left Standing

Dr. A K A Mubin
Independent Director

Adeeba Rahman, ACII-Life
Director

Quazi Mohammad Shariful Ala, FCA
Managing Director & CEO

A Z Mohammad Hossain
Director

Mehreen Hassan, Bar-at-Law
Director

Dr. A M R Chowdhury
Director



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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 also a Member of the Board of Trustees of BRAC University.

He has been a Director of DBH, nominated by BRAC, since 1996 and Chairman of DBH since 1999.

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Nasir A. Choudhury
Vice Chairman

Mr. Nasir A. Choudhury, Advisor and Founding Managing Director 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 (01-01-1986) 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 the Chairman of Green Delta Securities Ltd., Green Delta Capital Ltd. & GD Assist Ltd. He is one of the Sponsor of Union Capital Limited and Director of United Hospital (Pvt.) Limited and Managing Director of Nascom (Pvt.) Ltd. Mr. Choudhury is also the Member of Governing Body of Bangladesh Insurance Academy.

He was honored with “Lifetime Achievement Award” by The DHL-Daily Star in April 2010 for his outstanding contribution towards the development of the insurance industry in Bangladesh. His other notable awards include: Lifetime Achievement Award by Asia Insurance Review as the first Bangladeshi Insurer, Honesty Award by Campus and Golden Award by Jalalabad Association.

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

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A Z Mohammad Hossain
Director

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
Director

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.

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Swapan Kumar Sarkar
Director

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 Managing Director of the Company in the year 2013. Presently, he is serving as the Consultant of Delta Life Insurance Company Limited.

Mr. Sarkar completed B. Com. (Hon's) 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
Director

Ms. Adeeba Rahman is the Chief Executive Officer (Current Charge) of DLIC. She 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 Limited 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 Limited 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 15 years in almost all the areas of life insurance business. Ms. Adeeba Rahman, joined again in Delta Life Insurance Company Limited and was serving as Additional Managing Director and 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.

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Dr. A M R Chowdhury
Director

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 head Group of Scaling up Nutrition (SUN) Movement set up by UN Secretary General.

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

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M I Chowdhury
Independent Director

Mr. M I 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.

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Dr. A K A Mubin
Independent Director

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 at EDI, World Bank, IMF, Federation of Korean Industries, Korea and 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, 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 & 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.

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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 in 1997, 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 and is also presently in the Board of 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



Mr. M I Chowdhury
Chairman

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



Ms. Mehreen Hassan, Bar-at-law
Chairperson

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

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,
Customer Services &
Administration

Md. Zakaria Eusuf
Head of Branch

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

Jashim Uddin
Company Secretary

Nahid Ahmed
Manager - Treasury

Sabed Bin Ahsan
Branch Manager - Uttara

Khandaker Imran Habib
Manager - Sales

Mir Md. Mukhlesur Rahman
Manager - Credit

Md. Ariful Bari Rumi
Branch Manager - Motijheel

Khandaker Satil Sayeed
Controller of Accounts

Mohammad Manjurul Alam
Manager - Sales

Md. Mamunur Rashid Bhuiyan
Manager – Recovery & Legal

Kazi Hasanul Islam
Manager - Loans

A. H. M. Mostofa Kamal
Manager - Technical

Siddartho Sangkor Kirtonia
Manager - IT

Imtiaz Elahi
Manager - Brand & Communications

Bidhan Krishna Ghosh
Business Development Manager

Oliul Haque Khandaker
Manager - Administration

Md. Mustaquimur Rashid
Manager - Human Resources

Md. Mamun-Ur-Rashid
Manager - IT

Muhammad Abdullah Al Razee
Manager - Loans

Md. Rasel Sarker
Manager - IT

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Operational and Financial Highlights

(Million Taka)

Operational Highlights	30-Jun-13	30-Jun-14	30-Jun-15	30-Jun-16	31-Dec-16
Loan approvals	5,405	6,834	7,715	13,818	6,230
Loan disbursement	5,357	6,583	7,769	11,517	6,157
Cumulative disbursement	46,264	52,847	60,616	72,133	78,290
Cumulative sanction	47,353	54,187	61,902	75,720	81,950

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

Financial Highlights	30-Jun-13	30-Jun-14	30-Jun-15	30-Jun-16	31-Dec-16
Profit before tax	1,009	1,199	1,259	1,395	*603
Profit after tax	528	607	685	786	*331
Shareholders' fund	2,569	2,776	3,171	3,609	3,591
Total deposit	19,540	21,550	24,703	28,728	34,394
Long term borrowing	7,218	5,039	4,339	3,446	3,109
Housing loan portfolio	24,901	26,831	29,030	33,397	35,552
Total balance sheet size	33,004	33,945	35,686	40,685	46,472
NPL ratio (%)	0.26%	0.22%	0.30%	0.34%	0.36%
Return on equity (average equity)	22.95%	22.78%	23.05%	23.19%	18.38%
Earnings per share	4.47	5.15	5.90	6.77	**5.43
Earnings per share (restated)	4.26	4.90	5.62	6.45	**5.43
Net asset value per share	21.27	23.92	27.32	31.10	29.47

* Profit before tax and profit after tax represents profit for the period from July 1, 2016 to December 31, 2016.

** Annualized EPS.

Loan sanction and loan disbursement figures against 31/12/2016 represent 6 months figures commencing from July 1, 2016 to December 31, 2016.

Return on average equity on December 31, 2016 calculated after annualizing profit after tax of Tk. 330.81 million.

Financial Highlights as Required By Bangladesh Bank

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

Financial Highlights	31-Dec-16	30-Jun-16
Paid up Capital	1,219	1,160
Total Capital	3,591	3,609
Capital Surplus/(Deficit)	219	160
Total Assets	46,472	40,685
Total Deposits	34,394	28,728
Total Loans & Advances	35,838	33,579
Total Contingent Liabilities and Commitments	656	513
Credit Deposit Ratio (times)	1.04	1.17
Percentage of Classified Loans against total loans and advances	0.36%	0.34%
Profit after Tax & Provision	*330.81	786
Amount of Classified Loans during current year	129.98	112.55
Provision kept against Classified Loans	129.98	112.55
Provision Surplus/ Deficit	792.69	736.92
Cost of Fund	6.90%	8.13%
Interest Earning Assets	45,082	39,360
Non Interest Earning Assets	1,390	1,325
Return on equity (ROE)	18.38%	23.19%
Return on Asset (ROA)	1.52%	2.06%
Income from Investment	21	10
Earnings per Share	**5.43	6.77
Earnings per Share (Restated)	**5.43	6.45
Net Income per Share	**5.43	6.77
Price Earning Ratio	18.82	15.76

* Profit after tax and provisions represent profit for the period from July 1, 2016 to December 31, 2016.

** Annualized EPS and Annualized Net Income per share.

Return on average equity and Return on Asset on December 31, 2016 calculated after annualizing profit after tax of Tk. 330.81 million.

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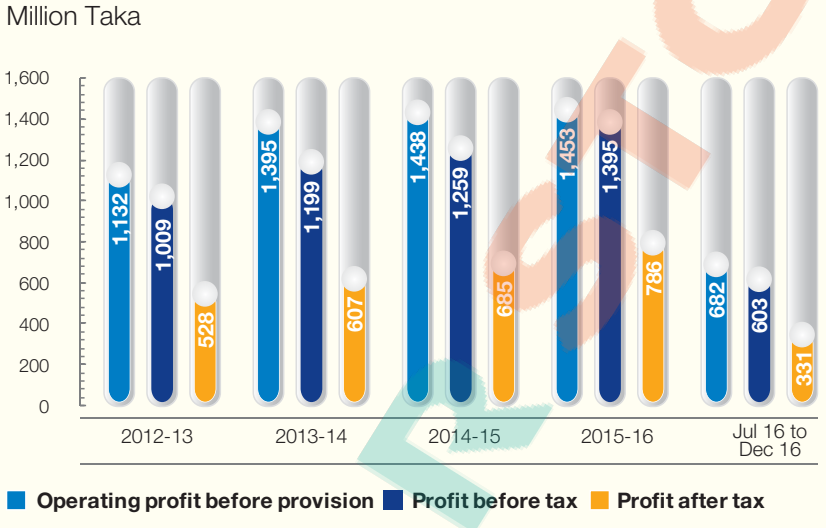
Historical Record of Dividend Payment

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.

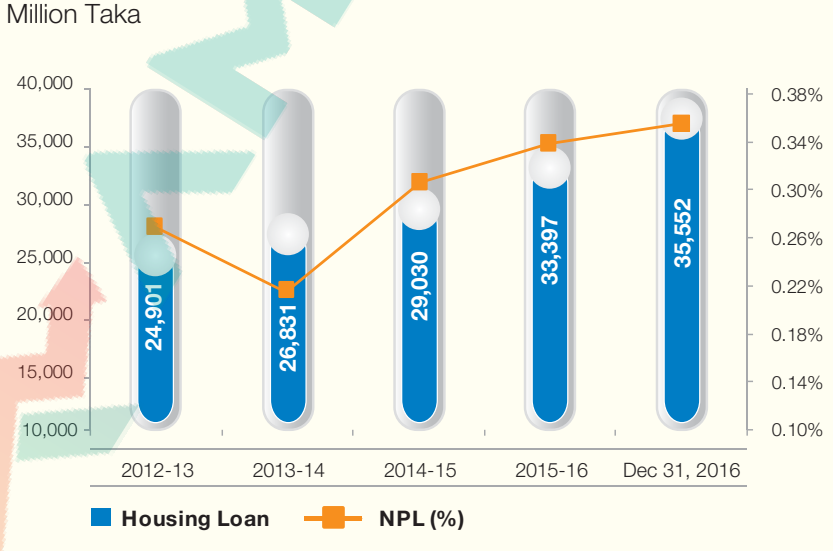
Year	Paid-up Capital (Tk.)	Dividend (%)
1999-2000	20,00,00,000.00	7.50 (Cash)
2000-2001	20,00,00,000.00	12.00 (Cash)
2001-2002	20,00,00,000.00	15.00 (Cash)
2002-2003	20,00,00,000.00	15.00 (Cash)
2003-2004	20,00,00,000.00	18.00 (Cash)
2004-2005	20,00,00,000.00	22.00 (Cash)
2005-2006	22,00,00,000.00	25.00 (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)
2014-2015	116,04,93,750.00	30.00 (Cash)
2015-2016	1,21,85,18,430.00	35.00 (5% Stock & 30% Cash)

Financial Performance

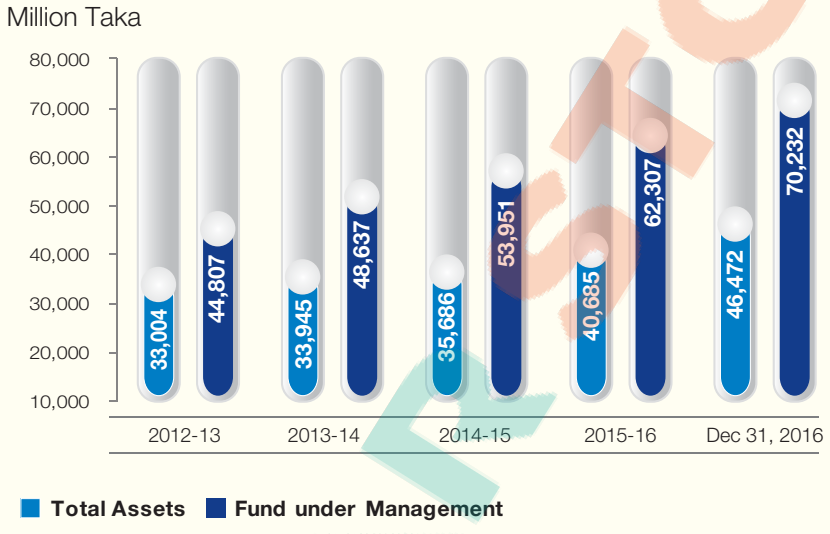
Profits



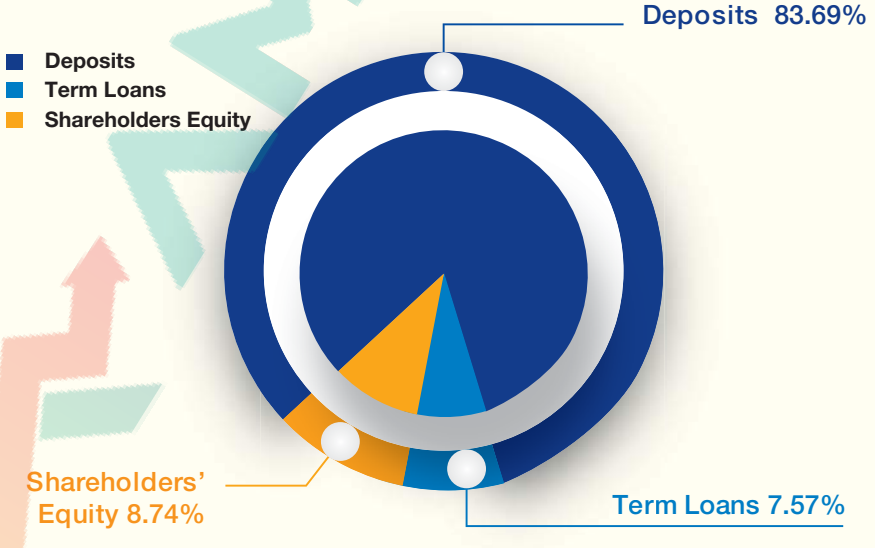
Housing Loan Portfolio & Performance



Total Assets & Fund Under Management

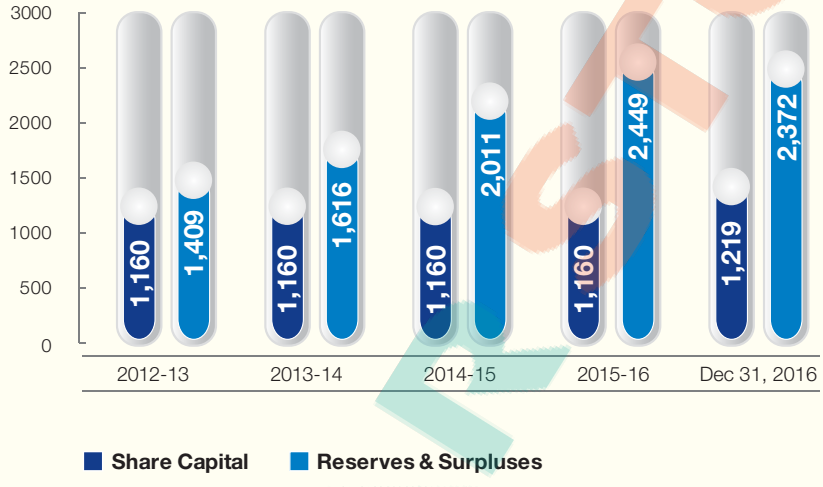


Fund Employed



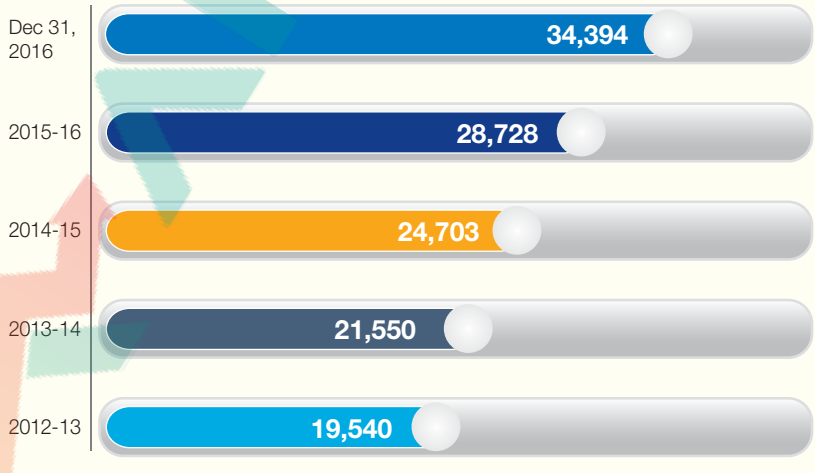
Equity

Million Taka



Deposits

Million Taka



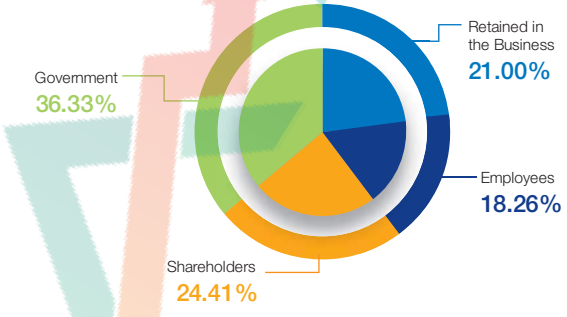
Value Added Statement

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.

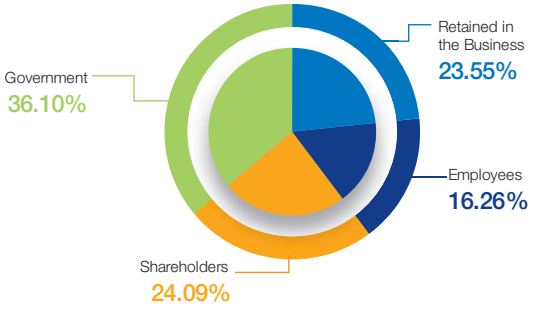
Figures in BDT

Figures in BDT	December 31, 2016		June 30, 2016	
	Amount	%	Amount	%
Value added				
Net interest income	779,284,806	104.05%	1,687,330,570	100.08%
Fees earned	72,830,105	9.72%	132,923,056	7.88%
Investment Income	21,046,384	2.81%	10,311,414	0.61%
Other income	11,531,109	1.54%	20,370,503	1.21%
Operating expense except salary & allowances, depreciation & amortization	(56,565,910)	-7.55%	(106,733,478)	-6.33%
Provision for loan, advances & investments	(79,154,052)	-10.57%	(58,245,918)	-3.45%
Total value added by the company	**748,972,442**	**100%**	**1,685,956,147**	**100%**
Distribution of value added				
Employees				
As salary & allowances	136,783,553	18.26%	274,106,454	16.26%
Provider of capital				
Dividend to ordinary shareholders	182,777,765	24.41%	406,172,813	24.09%
Government				
Income tax	272,100,763	36.33%	608,589,533	36.10%
Retained for business growth				
Earning retained in the business	148,031,643	19.76%	379,810,290	22.53%
Depreciation and amortization	9,278,717	1.24%	17,277,057	1.02%
Total distribution	**748,972,442**	**100%**	**1,685,956,147**	**100%**

December 31, 2016



June 30, 2016



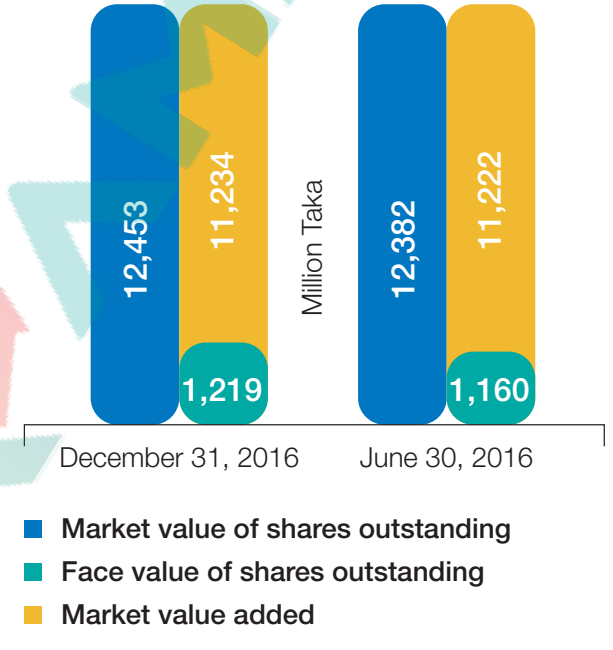
Market Value Added (MVA) Statement

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 2016 and for the period ended December 31, 2016.

Particulars	Amount in BDT	
	December 31, 2016	June 30, 2016
Market value of shares outstanding	12,453,258,355	12,382,468,313
Face value of share outstanding	1,218,518,430	1,160,493,750
Market value added	11,234,739,925	11,221,974,563



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 shareholder value.

EVA has been calculated by the following formula:
EVA = Net operating Profit – Taxes – Cost of Capital

Particulars	Amount in BDT	
	December 31, 2016	June 30, 2016
Net operating Profit	682,064,223	1,452,818,554
Provision for taxes	272,100,763	608,589,533
Net operating Profit after tax (NOPAT)	409,963,460	844,229,021
Charges for capital		
Capital employed	4,751,443,085	4,472,494,969
Cost of equity (%)	8.00%	8.60%
Capital charge	380,115,447	384,634,567
Economic Value added	29,848,013	459,594,454
Capital employed		
Shareholder's equity	3,591,412,677	3,608,751,394
Accumulated provision for doubtful accounts and future losses	1,190,938,075	1,111,784,023
Total Capital employed	4,782,350,752	4,720,535,417
Average capital employed	4,751,443,085	4,472,494,969

AMAR STOCK



Message from the Chairman

Dear Shareholders,

It is my great pleasure to welcome you all to the 21st Annual General Meeting of Delta Brac Housing Finance Corporation Limited (DBH). At the outset, I would like to express my gratitude to you all for your continuous trust, support and patronage extended towards the Company.

Since its inception, DBH has played a prominent role in the growth of the housing sector especially to increase home ownership in the urban areas of the country. We can claim with satisfaction that the Company has contributed substantially to enhance the home ownership levels of the middle and upper middle income population in the major urban areas of the country. The Company strives continually to ensure quality service to the clients by catering to their needs and providing effective and innovative solutions.

Coming out of the sluggishness of the last five years, the real estate sector in Bangladesh is

finally enjoying some much needed growth on the demand side. With rising disposable income, lowering housing loan interest rates and growing urban population, demand for apartments as well housing loans are increasing. It has positively impacted our lending figures. In the 6 month ended December 31, 2016, we have disbursed over Taka 6.16 billion home loans and the housing loan portfolio of DBH stood at Taka 35.55 billion at the close of the period under review. It may be worth mentioning that 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 70.00 billion.

However, the continued downward movement of interest rates on our adjustable rate home loan portfolio has made some impact on our net income. The operating profit before provisions stood at Taka 682.06 million. The Board has recommended @ 15 % cash dividend out of profit for the 6 (six) months period ended December 31, 2016.

I am pleased to inform you that DBH has retained its highest credit rating of 'AAA' (triple A) for the 11th 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 downhill interest rates coupled with the stiff competition prevailing in the home loan market has to some extent restricted our earnings. We are at a disadvantage vis-à-vis the commercial banks in terms of the costs of funds. Currently we are competing mostly with the commercial banks that have access to low cost funds through current and savings accounts. Financial Institutions including DBH do not have access to such cheap source of funds and the present financial market is also not conducive enough for FIs to mobilize long term affordable funds. This arrangement does not allow much scope to reduce the cost of funds and consequently the interest rate charged. Under the circumstances, in order to ensure a healthy growth of the private housing finance sector, the authorities in fact, should take necessary measures to generate healthy competition between the banks and non-bank financial institutions.

The Real Estate Developers and Lending Institutions of our country have been doing business mainly by catering to the upper and upper-middle income groups, whereas the middle income and low income households are still untapped. With the largest segment of the population belonging to the latter income groups, the Real Estate as well as the Housing Finance sector has a huge growth potential in this country. Home ownership level in Bangladesh is about 30 %, whereas it is up to 80 % in developed countries. The latent demand for home ownership is massive as everyone has a dream to own a home. However some impetus from the government is also required to revitalize the real estate sector to its full potential.

Even though the price of apartments have come down still in Dhaka it remains rather expensive for middle and low-income people, who opt to rent houses instead. The government needs to create a special fund to provide low-cost easy home loans to help people buy apartments and facilitate home ownership among the middle and low-income people. The fund would be used to provide long-term credit to this segment at affordable interest rates solely for the purpose of purchasing flats. As the borrowers will utilize

the fund to create home they will strive to repay the loan and the government can be assured of timely settlement of the finance.

One of the policy changes could be to provide indemnity from persuasion by government agencies for buyers who are investing their undisclosed money in the sector after fulfilling set conditions, it should be all-inclusive. Otherwise, people with undisclosed money will not be interested in investing in the real estate sector and will seek ways to transfer their money abroad illegally. According to a recent report by Global Financial Integrity, a Washington-based research and advisory organization, illegal capital flight from Bangladesh skyrocketed by 33.78% to USD 9.66 billion in 2013 through trade mis-invoicing and other channels. The outflow of illicit money could be reduced if the government allows the investment of undisclosed money with an indemnity.

A key constraint facing the real estate sector is shortage of serviced land in the urban areas for building multi-family housing units. Acute shortage of land has resulted in very high land price, making it difficult for many families to make the dream of their own house a reality. Under the present land allotment system the government allocates plots to individuals at a very low price compared to that prevailing in the market. These individuals in reality handover the plots to real estate companies who build multi housing units and split the apartments with the land owners. In the process, customers who buy from the real estate companies have to pay higher prices for the flats. If the government auction these plots directly to real estate companies at low prices then the developers will also be able to sell the apartments at a much affordable price and accommodate more families in large scale multi housing units.

In the next year, our aim is to source diversified avenues of economical funding, continue to broaden our customer base and to deepen the relationship we have with our customers, harnessing the growing strength of the DBH brand and our core competency. With the Real Estate Sector experiencing recovery, the outlook for it is encouraging. However declining lending interest rates coupled with absence of low cost funds for Financial Institutions against the backdrop of increasing price competition from commercial banks pose significant challenge. We should, therefore, 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' 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 period ended December 31, 2016, i.e. for the period of six months from July 1, 2016 to December 31, 2016, as your Company is in the process of changing its accounting period from existing July-June to January-December.

Bangladesh Economy

The national economy posted a healthy GDP growth rate of 7.11% in FY 16 on the back of strong macroeconomic fundamentals. Both industrial and service sector registered higher growth in the FY 16 fiscal compared to FY 15 registering 11.09% and 6.25% growth respectively. There were promising signs as private investment's share in GDP increased to 23% in FY 16 from 22.10% in FY 15 along with stable public investment.

Average annual inflation has decreased to 5.52% at the end of 2016 down from 6.19% in 2015. The point-to-point inflation also dropped to 5.03% in December from 6.10% a year earlier. Drop in both food and non-food inflation and political composure have helped to keep the inflation rate within government's and central bank's target of 5.80%. Food inflation has come down marginally to 5.38% in December 2016 from 5.48% in December 2015 whereas, non-food inflation slid to 4.49% from 7.05% during the same period.

Export earnings in the first half of FY 17 grew by 4.44% to USD 16.79 billion from USD 16.08 billion in FY16. However, the export figure stopped short of the target of USD 17.36 billion by 3.28%. Ready Made Garments (RMG), which accounts for over 80% of total export, grew by 4.37% to USD 13.70 billion, against the target of USD 14.25 billion. The exports to the common market is facing the challenge of relative Taka appreciation as most major currencies including Euro and British Pound and competing emerging market currencies have depreciated sharply against the US Dollar, whereas Taka has remained stable.

Total import settlement grew by 14.58% during the first five months of FY 17 to USD 19.02 billion from USD 16.60 billion in the corresponding period in FY 16. The LC opening numbers has also posted a 6.95% growth to USD 18.69 billion during the same period. The primary driver of import growth has been capital machineries and industrial equipment which posted a stellar 51% growth to reach USD 2.50 billion from USD 1.38 billion last fiscal. Capital machinery import growth has come from all sectors including apparel, leather, pharmaceuticals and power & energy.

Wage earner's remittance saw a steep decline during H1 FY 17, dropping by 17.63% to USD 6.17 billion from USD 7.49 billion in the last fiscal. In FY 16, the overall remittance dropped 2.52% to USD 14.93 billion. These uninspiring numbers were registered at a time when the country's manpower export was 36.31% higher in 2016 than previous year with more than 0.75 million workers getting jobs abroad. Sharp fall in oil prices forced Gulf Cooperation Council (GCC) governments to undertake economic reforms to scale down government spending including lowering of public and private investment programs and adopt austerity measures, which ultimately impacted worker remittances from these countries.

The country's FX Reserves has continued to grow handsomely in 2016 reaching USD 32.09

billion from USD 27.49 billion at the end of 2015, up by 16.73%. Although, the current account slipped into negative territory on the back of falling remittances and rising imports, the overall balance of payment is in surplus due to surplus in financial account. During the July-November period, the balance of payment surplus stood at USD 1.90 billion compared to USD 2.04 billion in the corresponding period last fiscal. Higher foreign direct investment, portfolio investment and higher net foreign borrowing resulted in surplus in the financial account. Net foreign direct investment recorded a 9.60% growth to reach USD 719 million during July-November period of FY 17 compared to previous fiscal. In addition, the purchase of US Dollars by Bangladesh Bank through open market operation also helped to boost the overall FX Reserves.

USD/BDT pair held stable for most of 2016 before picking up towards the end of the year. The USD/BDT pair, which traded at 78.50 at the beginning of 2016, rose marginally to 78.55 in February before settling down at 78.40 in April. From April to September, there was no volatility in the USD/BDT market. Strong performance from exporters and steady remittance and import numbers ensured a surplus current account. The excess flow of Dollars was absorbed by the Central Bank as it purchased greenback directly from the commercial banks to maintain exchange rate stability and support export competitiveness.

There has been very little movement in call money rate throughout 2016. Multiple factors, which include high government borrowing from non-banking sources, less than expected private sector credit demand and discontinuation of reverse-repo mechanism, have weighed on the overnight interbank borrowing requirement. The weighted average call money rate dropped to 3.61% in December from 3.90% in January.

Dhaka Stock Exchange delivered a stellar performance during the first half of FY 17, picking up from a lackluster condition in the previous fiscal. In July, from the very outset of FY 17, stock market started to recover as upbeat macroeconomic indicators and a steady political situation boosted investor confidence. Improvement in participation from both local and foreign investors contributed to recovery as DSEX index posted an 8.80% y-o-y growth as of December 2016. Investor sentiment was largely aided by the policy support extended by Bangladesh Bank to banks in adjusting their capital market exposure without selling shares. In addition, as the deposit rates in banks pummeled backed by excess liquidity in the banking sector, people were more eager to enter into the capital market in search of higher returns, which has driven up the turnover in the stock market.

Performance of Financial Sector in 2016

The Central Bank maintained policy continuity in formulating and implementing inclusive and investment friendly monetary policy. The main objective of Bangladesh Bank's pro-growth monetary policy is moderation and stabilization of CPI inflation alongside supporting output and employment growth. In the monetary policy for the first half of the FY17 (Jul-Dec), the target was set to keep inflation rate at 5.80 %, which was 6.20 % in FY 15-16.

Due to the excess liquidity prevalent in the market, the interest rates continued to decline throughout the year. In December 2016, weighted average deposit rate for Scheduled Banks has gone down to 5.22 % from 6.34 % in December 2015. On the other hand weighted average lending rates of scheduled banks also went down to 9.93 % in December 2016, from 11.18 % in December 2015. The interest rate spread also slightly reduced to 4.71% in December 2016 from 4.84% during the same time previous year which indicate that market lending rates decreased at a slightly higher pace when compared to that of deposit rates. Understandably, amidst ample liquidity the overnight rates were relatively low and stayed at 3.60% level for most of the period from July-December.

The gross NPL ratio rose to 10.30 % at end-September 2016, increasing by 20 basis points from 10.10 % of end-June 2016. However, non-performing loans net of specific loan loss provisions and interest suspense to total loans remained almost same to 2.80 % as compared to that of end-June 2016. Besides, nonperforming loans net of specific loan loss provisions and interest suspense to the provision maintenance ratio, at end-September 2016, increased to 88.20 % from 87.70 % recorded at end-June 2016. FIs' asset quality improved at end-September 2016. Though the amount of non-performing loans and leases increased from BDT 45.10 billion at end-June 2016 to BDT 45.60 billion at end- September 2016, the ratio of nonperforming loans and leases to total loans and leases decreased slightly from 9.00 to 8.90 % during the same period.

In the period under review, a majority of the banks were compliant to the minimum Capital to Risk (Weighted) Assets Ratio (CRAR) requirement, compared to end-June 2016. Pertinently, 47 out of 56 banks were able to maintain their capital ratios of 10.00 % or higher in line with Pillar 1 of the Basel III capital framework. Moreover, a substantial share of banking assets was concentrated within the CRAR compliant group of banks. CRARs of 32 banks were within the range of 10-15 % and their assets accounted for nearly 62.00 % of the total banking industry's assets at end-September 2016 indicating that a significant portion of the banking sector assets are managed by the CRAR compliant banks. At end-September 2016, the banking sector aggregate CRAR did not record any change from 10.30 % of end-June 2016. The capital adequacy ratio (CAR) of the NBFI sector decreased slightly from 16.70 % of the June quarter of CY16 to 16.30 % in the September quarter of CY16. It is to mention that the maintained CAR was well above the minimum regulatory requirement.

In the review period, profitability of the banking sector slightly increased. Return on assets (ROA) and return on equity (ROE) of the banking sector stood at 0.60 and 8.30 % respectively recording an increment of 0.40 and 5.20 % points from the respective ratios of the preceding quarter (0.20 and 3.10 %). Almost 87.50 % of the banks' ROA was up to 2.00 %, while 12.50 % of banks' ROA was higher than 2.00 %. On the other hand, 64.30 % of the banks' ROE was higher than 5.00 %. For the NBFI sector the key profitability indicators – return on assets (ROA) and return on equity (ROE) stood at 0.90 and 6.00 % respectively in the September quarter of 2016 as compared to 0.80 and 5.50 % respectively recorded in the preceding quarter.

The balance sheet size of the banking sector grew by almost 1.50 % and reached BDT 11,296.60 billion at end-September 2016. Loans and advances, as a % of total assets, recorded a slight decline compared with that of end-June CY16. The proportion of investment also increased. It is to mention that banking sector assets-to-GDP ratio stood at 65.20 % at end-September 2016. ADR of the overall banking industry has decreased by 50 basis points at end-September 2016 to 71.10 % from that of end-June 2016.

Government securities (G-sec) yields across all tenors had been decreasing October 2015 onwards following low domestic credit demand and excess liquidity in the market. The Central Bank's decision to cut the repo and reverse repo rates by 50 bps in January brought down the yields further. Yields started to rise from May onwards when Bangladesh Bank announced G-Sec primary auction calendar with higher borrowing requirements. In June, total primary G-Sec issuance increased to BDT 121.50 billion from BDT 69 billion in May. As per the calendar, the primary issuance in July is set at BDT 123.50 billion. The 91 days, 182 days and 364 days T-bill yields in June increased by 134 bps, 50 bps and 79 bps respectively over January. While the yield on 10 year bond slipped marginally by 10 bps, the yields on 2 year, 5 year,15 year and 20 year T-bonds surged by 9 bps,16 bps, 56 bps and 86 bps over the same period.

Bangladesh Bank has granted permission to one new scheduled bank in addition to introducing few initiatives/changes in the review period. During this period, Bangladesh Bank has issued guidelines on commercial paper for banks, amended guidelines on internal control and compliance in banks, brought about several changes in foreign exchange regulations to make foreign exchange operations easier as well as more disciplined, announced Agricultural & Rural Credit Policy & Program for the financial year 2016-17 and encouraged banks to disburse agricultural credit through agent banking.

Real Estate Industry Outlook and Possible Future Development

Coming out of the sluggishness of the last five years, the real estate sector in Bangladesh is finally enjoying some much needed growth on the demand side. With rising disposable income, lowering housing loan interest rates and growing urban population, demand for apartments is increasing. Apartment prices seem to have hit a plateau and industry experts predict pricing to increase in the coming years. However, political stability, investor optimism and availability of utilities will continue to play a pivotal role in orchestrating the recovery of Bangladesh's Real Estate sector.

According to a United Nations report published in July 2014, Dhaka- the 11th most populous city in the world, has a population of 1.70 crore. The World Urbanization Prospects report of 2014 stated that 2010 to 2015 alone saw a 3.60% annual rise in population in Dhaka and it predicts that Dhaka is set to become the world's 6th most crowded city by 2030, with a population just above 27 million. Growth in urban population has also coincided with a rising middle-class segment with growing income. A report by Boston Consultancy Group states that the number of households with an annual income of USD 5,000 or more is set to triple within 2025 from existing 11.70 million. This projected growth in the income of the middle income group as well as the urban population alone signifies the future potential of real estate in Bangladesh.

A change in social structure has also triggered demand for modern real estate properties e.g. apartments. According to a survey conducted by UNICEF in 2013, the average family size in Bangladesh is 4.60. This shows that families are becoming more 'nuclear', resulting in higher demand for smaller apartments with 3-4 rooms. Since 1970s, the Real Estate sector has been growing in leaps and bounds with growing urban population, growing income and change in demographics.

Despite tremendous growth potential of the sector, Real Estate had been suffering over last five years. Experts attribute this slump as the aftermath of the bursting financial bubble. Due to declining demand for apartments and residential plots, many real estate companies have been forced to lower prices and halt construction activities. Prices of apartments in all major residential zones have been slashed for attracting more buyers by Tk. 2,000/= to Tk. 10,000 per sft. This down ward pressure of price correction on the housing market has however eased, somewhat recently.

Now that the political tension has fairly decreased and the interest rate on home loans have also gone down to as low as 8.00 % p.a. the confidence of the potential buyers have begin to make a recovery too. As a result the real estate developers are also taking up new projects. However some impetus from the government is also required to revitalize the real estate sector to its full potential.

One of these policy changes could be that no government agencies will pursue people who are investing their undisclosed money in the sector after fulfilling set conditions, it should be all-inclusive. Otherwise, people with undisclosed

money will not be interested in investing in the real estate sector and will seek ways to transfer their money abroad illegally. According to a recent report by Global Financial Integrity, a Washington-based research and advisory organization, illegal capital flight from Bangladesh skyrocketed by 33.78% to USD 9.66 billion in 2013 through trade mis-invoicing and other channels. The outflow of illicit money could be reduced if the government allows the investment of undisclosed money with an indemnity.

The registration fee needs to go down, as the including value-added tax, advanced income tax and stamp duties eat up about 14% of a property's value. This is much greater than those in the neighbouring countries. The high cost of registration is one of the factors that have made housing loans rather unattractive. The growth of private real estate sector is further hindered by the astonishing increase in land prices. As per the data of Policy Research Institute of Bangladesh, between 1972 and 2010, land prices in Dhaka city grew by an average of 100-125% per year.

The real estate sector is spreading from Dhaka to areas such as Chittagong, Sylhet, Rajshahi, Bogra, Comilla, Mymensingh and Khulna. Regional companies are beginning to spring up. Some Dhaka-based firms have also undertaken projects in the regional growth centres. But while, the apartment purchase rate in Dhaka is still the highest in Bangladesh, Chittagong is closely behind. The demand for land as well as price in Cox's Bazar is also starting to increase because of the area's tremendous value as a tourist spot.

Under the present land allotment system the government allocate plots to individuals at a very low price compared to that prevailing in the market. These individuals in reality give these plots to real estate companies that develop the property and share the apartments with the owners of the land. In the process, customers who buy from the real estate companies have to pay higher prices for the flats. If the government auction these plots directly to real estate companies at low prices then the developers will also be able to sell the apartments at a much lower price and accommodate more dwellers in large scale high rise apartment projects.

Even though the price of apartments have come down still in Dhaka it remains rather expensive for middle and low-income people, who opt to rent houses instead. The government needs to create a special fund of BDT 20,000-50,000 crore to provide low-cost easy home loans to help people buy apartments and facilitate home ownership among the middle and low-income people. The fund would be used to provide long-term credit to this segment at fixed single digit interest rates solely for the purpose of purchasing flats. The borrowers will take out a loan from the fund to buy a home, not to do business. So, they will try their best to repay the loan and the government can be assured that it will get its money back.

Up to 300 sub-sectors now depend on the real estate sector. According to REHAB, the apex body of real estate players which has more than 1,191 real estate companies as members, real estate and linked industries contributed about 12% to the country's GDP, employing a 3.50 million both directly and indirectly. Thus, the real estate sector must be protected in order to keep the 300 sub-sectors and the 3.5 million people alive.

Product wise Performance

• Performance of Home Loan Operations

During the first half of the FY 17, interest rates on home loans have continued to plunge to the lowest on record in a climb-down which gives realtors hope for a boom of the property market after a prolonged slump. Against the backdrop of the excess liquidity and rising NPLs prevailing in the financial market, banks are searching for relatively safe and potential investment areas. As

a result, apart from the traditional market players, new entrants have entered the home loan market. The Private Commercial Banks (PCBs) and Non-Bank Financial Institutions (NBFIs) involved with home loans are engaged in a price war and have cut down their rates by approximately 1.00% - 3.00% when compared to that of the previous closing of June 30, 2016.

As expected the rejuvenated home loan market has positively impacted our lending figures. Being a housing finance specialist DBH has forecasted the situation prudently and focused on extending its base of core retail clientele while maintaining the asset quality. During the 6 months as of December 31, 2016 the Company's loan book in housing finance grew at a healthy pace of 6.45% to Taka 35.55 billion from the June 30, 2016 closing figure of Taka 33.40 billion while keeping gross NPL ratio at the level of 0.36% only. During 6 months, the gross interest income from the housing finance portfolio stood at Taka 1,785.44 million. DBH holds an adjustable rate home loan portfolio and the average rate of interest as well as the gross interest income on the home loan book is decreasing due to the strong 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 hefty 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 approvals during the 6 (six) months period ended on December 31, 2016 stood at Taka 6,230.00 million as against Taka 5,513.87 million in the previous period showing a growth by 12.99% from last year comparatives. Total disbursement has grown at a pace of 24.13% and at the end of the 6 months under review was Taka 6,156.86 million as against Taka 4,960.05 million of the comparative period of the preceding year. During the period, a total of Taka 4,003.93 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 December 31, 2016 have been fully provided for, as required by Bangladesh Bank, DBH has a loan loss reserve amounting to 1% of outstanding loans.

- **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% 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, Easy Way Deposit, Children's Deposit, Easy Home Deposit, DBH Platinum Deposit and Day-wise 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.

At the close of December 31, 2016 the deposit portfolio of DBH stands at Taka 34.40 billion with an interest payable worth another Taka 768.66 million. As the market shifts downward the rate of interest on the DBH deposit products have also decreased.

DBH also provides loan against deposits (LAD) to cater to its customers' urgent financial need. As of December 31, 2016, the LAD portfolio of DBH stands at Taka 275.18 million.

Recovery

So far FY 2016-17 seems to be relatively stable in terms of containing the non performing loan (NPL) figures of the financial industry. At the close of June 30, 2016, the Gross NPL ratio for Banks and NBFIs were 10.10% and 9.00%

respectively. A quarter through FY 2016-17, at end of September 30, 2016 the gross NPL ratio for the sectors stood at 10.30% and 8.90% respectively. However, in terms of absolute figure the amount of classified loans of the banking sector increased by nearly 4.0% or Tk. 23.66 billion to Tk. 657.31 billion during the September quarter (Q1FY17) from Tk. 633.65 billion in the preceding quarter. On the other hand, for NBFIs the amount stood at Taka 45.6 billion which is a slight increase from the previous quarter's figure of Taka 45.1 billion.

Under such circumstances, DBH has shown steady and resilient performance in maintaining asset quality. According to the classification policy of the Central Bank, at the close of December 31, 2016 the NPL of the Company has marginally increased to 0.36 % from 0.34 % at end of the preceding financial year. While aggregate NPL ratio for Banks 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. Presently DBH's deposit product line consists of Annual Income Deposit, Monthly Income Deposit, Quarterly Income Deposit, Cumulative Deposit, Flexible Fixed Deposit, Easy Way Deposit, Children's Deposit, Easy Home Deposit, DBH Platinum Deposit and Day-wise Deposit. These 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 34,393.96 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 2,772.92 million and loans sourced from commercial banks for Taka 2,286.34 million. Apart from that the shareholder's contribution in the funding mix is 3,591.41 million, which is almost 10.00 % 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 December 31, 2016 is presented below:

Source	Amount in Million Taka
Deposits	34,393.96
Term loans	5,059,26
Equity	3,591.41

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 the period under review, the Central Bank maintained its balanced monetary policy stance with the focus on moderation and stabilization of CPI inflation alongside supporting output and employment growth. Bangladesh Bank's monetary and financial policies continued to support inclusive, environmentally sustainable growth; addressing its developmental role in the longer term risks to macro-financial stability.

There has been very little movement in call money rate throughout 2016. Multiple factors, which include high government borrowing from

non-banking sources, less than expected private sector credit demand and discontinuation of reverse-repo mechanism, have weighed on the overnight interbank borrowing requirement. The weighted average call money rate dropped to 3.62% in December from 3.70% in June. So, the Central Bank was again faced with the challenges of managing this excess liquidity. Weighted average interest rate of deposits and advances have continued to go down during the year but the interest rate spread remained almost same i.e., 4.85 % in June 2016 to 4.71% 6 months later.

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. With a view to cost minimization as the key objective, the treasury wing maintained its short position to access low cost fund from the inter-bank deposit market as well as the overnight 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 period under review. 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 shows some light of recovery at the end of the FY 2016. The year ended with DSEX index at 5,036.05 on December 31, 2016 which stood at 4,507.58 at the end of June 30, 2016. In accordance to the market situation DBH has continued to maintain a cautious investment policy. The capital market portfolio of the Company has stood at Taka 285.70 million as of December 31, 2016.

In addition to that, the Company's outstanding investment in the fixed income securities i.e. in the redeemable preference shares reached at Taka 140.00 million, besides we have also invested Taka 14.5 million in the non-marketable securities. The company has earned Taka 21.05 million from the capital market operations within the period from July 1, 2016 to December 31, 2016.

Human Resources

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

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

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

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

In a bid to keep up with the pace of ever changing business world with regard to altering business processes, embracing technological changes

and meet up new compliance and regulatory requirements DBH undertakes training and development plan for its employees and arranges in-house functional training sessions as well as sends them over for attending public training programs. Overseas training programs are also recommended for the employees and they attend these programs with a view to improving their functional skills and competencies.

Information Technology

DBH is very much concerned about implementing up-to-date systems according to the technology change for better functioning as well as about ICT security.

During this time, IT department has implemented File Replication System (DFS) for distributing files supporting Group Policy, maximum availability architecture in database (i.e., RAC with Dataguard), exchange server in clustering environment (implementation in 4 servers) and enhanced centralized software system according to the change in business need with features like daily receivable update, EFTN facility for deposit product etc.

To protect computers, networks and data from unauthorized access, vulnerabilities and attacks, a vulnerability management and threat protect solution ('QUALYS') has been implemented which proactively monitors vulnerabilities and reports accordingly.

Internal Control system

DBH has adequate system of internal controls for business processes, with regard to operations, financial reporting, fraud control, compliance with applicable laws and regulations, etc. These internal controls and systems are devised as a part of the principles of good governance and are accordingly implemented within the framework of proper check and balances. Your Company ensures that a reasonably effective internal control framework operates throughout the organisation, which provides assurance with regard to safeguarding the assets, reliability of financial and operational information, compliance with applicable statutes, execution of the transactions as per the authorisation and compliance with the internal policies of the Company.

The internal audit adopts a risk based audit approach and conducts regular audits of all the branches/offices of the Company and evaluates on a continuous basis, the adequacy and effectiveness of the internal control mechanism, adherence to the policies and procedures of the Company as well as the regulatory and legal requirements. The internal audit department places its findings before the Audit Committee of the Board of Directors at regular intervals. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal control systems and suggests improvement for strengthening the control systems according to the changing business needs from time to time.

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 ensure reporting and compliances as required.

Credit Rating

Delta Brac Housing Finance Corporation Limited with its strong fundamentals has earned the highest credit rating award for the 11th (eleventh) consecutive year. Credit Rating Agency of

Bangladesh (CRAB) reaffirms AAA in the long term and ST-1 in the short term rating of Delta Brac Housing Finance Corporation Limited in its latest entity rating done based on the Company's year end financials of 2015-2016.

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. 22 of this annual report. Financial Highlights as required by Bangladesh Bank is also given in page no. 23 of this report.

Contribution to National Economy

At DBH we believe that we have some responsibilities to the development of 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 December 31, 2016 amount to Tk.35,838 Million. We have extended loan to around 16,617 customers to meet their housing need, which is one of the basic needs of people.

DBH contribute to the national exchequer in the form of Income Tax, VAT & Excise duty. Company's contribution to the national exchequer is given below.

Taka in Million

Particulars	December 31, 2016	June 30, 2016
Income Tax paid on company's income	290.89	561.57
Tax collected at source on behalf of Government	166.05	286.93
Value Added Tax (VAT)	15.76	28.71
Excise Duty	-	29.31
Total	**472.70**	**906.52**

Creating employment has a vital impact on the economy and DBH employed as many as 226 employees as on December 31, 2016. Efficient workforce is very important for the organization as we as for the country. Keeping same in view, DBH has spent Tk.1.28 million for training of its employees. During the period from July 1, 2016 to December 31, 2016, DBH has paid Tk.136.78 million as salaries and allowances to its employees.

Awards and Recognitions

Annual Report 2014-2015 recognized by ICSB:

3rd ICSB National Award-2015 for Corporate Governance Excellence was declared on 24 December 2016 where a total of 25 corporate entities won the awards for complying with the Corporate Governance standards based on Securities and Exchange Commission's regulations, guidelines and transparent administration.

Among the awardees in the Non-Banking Financial Institutions category, Delta Brac Housing Finance Corporation Limited (DBH) secured the Bronze Crest.

DBH has also been awarded the "Certificate of Merit" of ICMAB Best Corporate Award 2015, in recognition of the best culture of Corporate Governance.

Contribution to the society during the year

DBH's responsibilities to the society are manifested in its activities, as a responsible corporate citizen, through its continuous effort to promote ownership of housing, wealth creation and also towards the improvement of the underprivileged of the society.

Corporate Social Responsibility policy of the Company was approved by the Board of Directors

in line with the Bangladesh Bank's Guidelines on CSR with a view to engage the institution into a broad range of direct and indirect CSR activities including humanitarian relief and disaster response as well as to widening of advancement opportunities for disadvantaged population segments in the areas of healthcare, education and training as well as greening initiatives etc.

Consequently, during the period we took few projects under CSR fund for the common good of the disadvantaged population segments as the period was only for 6 (six) months. The projects details are appended below:

- Health (Curative treatment of an individual patient)
- Education (Donation of computer to a Secondary School)

Highlights on Financial Performance

(Figures in Million Taka)

Particulars	July to December 2016	July 2015 to June 2016
Operating revenue	2,209	4,487
Interest expenses	1,324	2,636
Operating expenses	203	398
Profit before provisions	682	1,453
Profit before tax	603	1,395
Net profit after tax	331	786

*As December 2016 figures are for 6 (six) months period and June 2016 figures are for 12 (twelve) months period, they are not comparable.

Change of Income Year

In order to comply with the Finance Act-2015, the accounting year of the Company has been changed.

Accordingly, accounts for the period of July 1, 2016 to December 31, 2016 have been finalized. The audited accounts will be placed before the Shareholders for their approval in the AGM.

Thus, the next income year of the Company would be January to December as per law of the Country.

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; confirmed 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 therefrom has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.

- There are no significant doubts upon the issuer company's ability to continue as a going concern.

Going Concern

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

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

Board Meetings and Attendance by the Directors

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

Shareholding Pattern

Shareholding patterns of the Company as at the end of the 2016 is shown in Annexure-iii of this report.

Proposed Dividend

The Board of Directors at the time of considering the final accounts for the period of July 2016 to December 2016 have recommended @ 15% cash dividend from the distributable profits of the Company, which is to be approved by the shareholders in the forthcoming AGM.

Directors' Appointment & Re-appointment

The present Directors of the Company are named in pages 10 to 19 of this report.

In accordance with the Article No. 106 of the Articles of Association of DBH, the following Directors will retire in the 21st Annual General Meeting by rotation and being eligible for re-election, they are seeking re-election to the Board.

- Mr. A Z Mohammad Hossain (representing GDICL)
- Ms. Mehreen Hassan (representing DLICL)
- Dr. A M R Chowdhury (representing BRAC)

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

a) Brief resume of the Directors are included in page nos. 10 to 19 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 Auditors

M/s. S F Ahmed & Co. Chartered Accountants have been serving DBH for last one and half years as external auditors and will retire in the forthcoming AGM. According to the Bangladesh Bank as well as BSEC's rules, they are eligible for re-appointment for the next year.

As a result, the Board recommended their re-appointment for the year 2017 with a fee of Tk. 350,000.00 plus VAT, subject to prior approval from Bangladesh Bank. The matter will be placed before the shareholders in the forthcoming AGM for approval.

Corporate Governance

As a listed housing finance company (DBH) with 20 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 committees.

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; and

(iv) Certificate regarding compliance of conditions of Corporate Governance.

A statement of compliance on the Good Governance Guidelines issued by Bangladesh Bank is also enclosed as a part of this annual report at page no. 63 to 65.

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.



Nasir A. Choudhury
Vice Chairman

Directors' Meeting & Attendance

Annexure-i

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

Name of Directors	Nominated by	Total Meeting	Meeting Attended	Changes during July- December, 2016	
				Date of Board Acceptance	
				Joining	Nomination withdrawn/ changed
Mr. Faruq A Choudhury, Chairman	BRAC	3	3	-	-
Mr. Nasir A. Choudhury, Vice Chairman	Green Delta Insurance Company Ltd.	3	3	-	-
Mr. A Z Mohammad Hossain	Green Delta Insurance Company Ltd.	3	2	-	-
Ms. Mehreen Hassan, Bar- at- Law	Delta Life Insurance Company Ltd.	3	2	-	-
Mr. Swapan Kumar Sarkar, FCA	Delta Life Insurance Company Ltd.	3	2	-	-
Ms. Adeeba Rahman, ACII-Life	Delta Life Insurance Company Ltd.	3	3	-	-
Dr. A M R Chowdhury	BRAC	3	3	-	-
Mr. M I Chowdhury	Independent Director	3	3	-	-
Dr. A K A Mubin	Independent Director	3	3	-	-

Directors' Remuneration

Annexure-ii

- The Statement of remuneration paid to the Directors during the financial period 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	24,000	0	0	2	16,000	40,000
Mr. Nasir A. Choudhury, Vice Chairman	3	24,000	0	0	3	24,000	48,000
Mr. A Z Mohammad Hossain	2	16,000	0	0	2	16,000	32,000
Ms. Mehreen Hassan, Bar- at- Law	2	16,000	2	16,000	0	0	32,000
Mr. Swapan Kumar Sarkar, FCA	2	16,000	0	0	3	24,000	40,000
Ms. Adeeba Rahman, ACII-Life	3	24,000	2	16,000	0	0	40,000
Dr. A M R Chowdhury	3	24,000	2	16,000	0	0	40,000
Mr. M I Chowdhury	3	24,000	0	0	3	24,000	48,000
Dr. A K A Mubin	3	24,000	0	0	0	0	24,000
Total	**-**	**1,92,000**	**-**	**48,000**	**-**	**1,04,000**	**3,44,000**

Pattern of Shareholdings

as on 31st December 2016

Annexure-iii

(i) Shareholding status of each Sponsors:

Name of the Sponsors	No. of Shares held	Percent (%)
BRAC	22,406,611	18.39
Delta Life Insurance Company Limited	21,479,325	17.63
Green Delta Insurance Company Limited	18,649,813	15.31
Mr. Kazi Fazlur Rahman	0	0.00
Mr. Faruq A. Choudhury	24	0.00
Dr. Salehuddin Ahmed	24	0.00
Mr. Q. M. Shariful Ala, FCA	0	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	24	0.00
Mr. Nasir A. Choudhury, Vice Chairman	Green Delta Insurance Company 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	-	-
Dr. A K A Mubin	Independent Director	-	-

Name of the Executives	Status	No. of Share(s) held	Percent (%)
Mr. Q. M. Shariful Ala, FCA	Managing Director & CEO	-	-
Mr. Syed Aminul Islam	Head of Finance	-	-
Mr. Jashim Uddin, FCS	Vice President & Company Secretary	-	-
Mr. Shihabuddin Mahmud	In-charge, Internal Audit	-	-

(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, Customer Services & Administration	-	-

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

Name of the Shareholders	No. of Shares held	Percent (%)
BRAC	22,406,611	18.39
Delta Life Insurance Company Limited	21,479,325	17.63
Green Delta Insurance Company Limited	18,649,813	15.31

AMARSTOCK

Report on Corporate Governance

Corporate Governance at DBH

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, the Board monitors and approves the annual budgets, business plans & strategies and various policies of the Company. It also reviews the operational and financial performance of the Company. The Board ensures the integrity of financial reporting system, financial & internal control, risk management and compliance with the applicable laws. It also oversees the process of disclosure & communications made by the Company and ensures that a transparent nomination process to the Board of the Company is duly followed.

Board of Directors

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

The Board of DBH comprises of 9 (Nine) members of which seven 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) 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 period under review, all directors and members of senior management have affirmed their adherence to the provisions of the respective codes.

Changes in the Board

During the period under review i.e. July 1, 2016 to December 31, 2016 the Board remained the same. Thus, no changes were taken place in the Board.

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 period under review 3 (three) meetings of the Board were held, as the current accounting period was only for 6 (six) months to facilitate the change in the accounting period from July – June to January - December.

Board Committees

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

Audit Committee

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

The Audit Committee of the Board was constituted in compliance with the DFIM Circular No. 13 dated October 2011 of Bangladesh Bank as well as the Cond. 3 of the Bangladesh Securities and Exchange Commission's (BSEC) Corporate Governance Guidelines 2012. All the Members of the Audit Committee have the required qualifications and expertise for appointment on the Committee and possess requisite knowledge of accounting and financial management. The Chairman of the Audit Committee is an Independent Director and was present at the last (20th) Annual General Meeting of the Company.

A separate report on the activities of the Audit Committee is attached in the page no. 68 to 70 of this report.

Executive Committee

The Executive Committee of the Board is authorized to review all the proposals of loans and advances above authority delegated to the Managing Director & CEO with an upper limit of Tk. 10.00 crore. During the period under review, 2 (two) meetings of the Executive Committee were held. In addition to the meetings, one separate proposal was also approved by the Committee through resolutions by circulation, due to urgency.

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 acting 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 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 Directors. The Audit & the Executive committee functions 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. Board members ensure that their work in other capacities do not impinge on their fiduciary responsibilities as directors of the Company.

Role of the Chairman

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

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

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

Role of the Managing Director & CEO

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

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 to implement linkage between goals and operations.

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

DBH made relevant mandatory disclosure in its financial statements under the regulatory framework, including compliance with the provisions of International Financial Reporting Standards (IFRS) as adopted in Bangladesh, besides that it submits all the reports/statements regularly, which are required to submit to the authorities as well as the other stakeholders of the Company. However, a separate report on Internal Control is given in page no. 66 and 67 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 2.29 of the Financial Statements in the page no. 101-103 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 1987and 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. 122 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 of Bangladesh Securities and Exchange Commission. M/s. S A Rashid & Associates, Chartered Secretary in Practice have certified that the Company has complied with the conditions of Corporate Governance as stipulated under the Corporate Governance Guidelines, which is annexed in the page no. 62.

Statement of CEO and the Head of Finance regarding Financial Statements

A separate statement as to the fairness and presentation of the Financial Statements of the Company is given in page no. 85 of this report.

Annual General Meeting (AGM)

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

Last AGM was 20th Annual General Meeting.
Date & Time: November 24, 2016 at 11:00 AM
Venue: The "Gressho – ABC" Hall of Six Seasons Hotel, House- 19, Road- 96, Gulshan-2, Dhaka-1212.

Resolutions passed by the members:

- Financial Statements for the year ended June 30, 2016.
- Dividend @ 35% (i.e. 30% cash & 5% stock).
- Re-election of Directors; Mr. Faruq A Choudhury, Mr. Nasir A Choudhury and Ms. Adeeba Rahman.
- Appointment of M/s. S F Ahmed & Co., Chartered Accountants as external auditor of the Company for the period of July 2016 to December 2016.

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 & online 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. A separate statement on the topic is attached in page no. 82-83 of this report.

Shareholding Pattern of DBH as on 31 December 2016:

On the basis of Shareholders types:

Group Name	No. of Share holders	No. of Shares	Percentage(%)
Sponsors/ Directors	5	62,535,797	51.32
General Public	3,996	7,178,570	5.89
Financial Institutions & other Companies	209	10,768,336	8.84
Foreign Investors	31	41,369,140	33.95
Total:	**4,241**	**121,851,843**	**100.00**

Shareholding position of each Sponsors/ Directors:

Name	Status (Sponsor/Director)	No. of Shares	Percentage (%)
BRAC	Sponsor	22,406,611	18.39
Delta Life Insurance Company Ltd.	Sponsor	21,479,325	17.63
Green Delta Insurance Company Ltd.	Sponsor	18,649,813	15.31
Mr. Kazi Fazlur Rahman	Sponsor	0	0.00
Mr. Faruq A. Choudhury, Chairman	Sponsor & Nominated Director (BRAC)	24	0.00
Dr. Salehuddin Ahmed	Sponsor	24	0.00
Mr. Nasir A Choudhury, Vice Chairman	Nominated Director (GDIC)	0	0.00
Mr. A Z Mohammad Hossain	Nominated Director (GDIC)	0	0.00
Ms. Mehreen Hassan, Bar-at-Law	Nominated Director (DLIC)	0	0.00
Mr. Swapan Kumar Sarkar, FCA	Nominated Director (DLIC)	0	0.00
Ms. Adeeba Rahman, ACII-Life	Nominated Director (DLIC)	0	0.00
Dr. A M R Chowdhury	Nominated Director (BRAC)	0	0.00
Mr. M I Chowdhury	Independent Director	0	0.00
Dr. A K A Mubin	Independent Director	0	0.00
Mr. Q. M. Shariful Ala, FCA	Sponsor and Managing Director & CEO	0	0.00
Total:		**62,535,797**	**51.32**

Having reviewed the BSEC's Corporate Governance Guidelines as last amended on July 21, 2013, the Company's Board issued and signed their declaration of Compliance, a statement of which is given hereunder:

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 July-December, 2016		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 July-December, 2016		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/ University Teacher (Economics/ Business/ Law)/ Professionals like CA/CMA/CS having 12 years of management/ professional experience	√		
1.3(iii)	In special cases above qualification may be relaxed by the commission			N/A
1.4	Positions of Chairman of the Board and Chief Executive Officer shall be filled by different individuals. The Board shall clearly define the respective roles and responsibilities of the Chairman & CEO.	√		
1.5	**Directors' Report to Shareholders:**			
1.5(i)	Industry outlook and possible future developments in the industry	√		
1.5(ii)	Segment-wise or product-wise performance	√		
1.5(iii)	Risks and concerns	√		
1.5(iv)	A discussion on cost of goods sold, gross profit margin and net profit margin	√		
1.5(v)	Discussion on continuity of any Extra-Ordinary gain or loss			N/A
1.5(vi)	Basis for related party transaction- a statement of all related party transactions should be disclosed in the annual report	√		
1.5(vii)	Utilization of proceeds from public issues, right issues and/ or through any others instruments.			N/A
1.5(viii)	An explanation if the financial results deteriorate after the company goes for IPO, RPO, Rights Offer, Direct Listing etc.			N/A
1.5(ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report			N/A
1.5(x)	Remuneration to directors including independent directors	√		
1.5(xi)	The financial statements prepared by the management of the issuer company present fairly its state of affairs, the results of its operation, cash flows and changes in equity	√		
1.5(xii)	Proper books of account of the issuer company have been maintained.	√		
1.5(xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.	√		

Condition no.	Title	Compliance status as on July-December, 2016		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	√		

Condition no.	Title	Compliance status as on July-December, 2016		Remarks
		Complied	Not Complied	
2.2	Attendance of CFO and the Company Secretary at Board of Directors meeting	√		
3	**Audit Committee:**			
3 (i)	Audit Committee shall be the sub-committee of the Board of Directors.	√		
3 (ii)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	√		
3 (iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	√		
3.1	**Constitution of the Audit Committee:**			
3.1(i)	The Audit Committee shall be composed of at least 3 (three) members.	√		
3.1(ii)	Constitution of Audit Committee with Board Members including one Independent Director	√		
3.1(iii)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experience.	√		
3.1(iv)	Filling of Casual Vacancy in Committee	√		
3.1(v)	The company secretary shall act as the secretary of the Committee.	√		
3.1(vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	√		
3.2	**Chairman of the Audit Committee:**			
3.2(i)	Chairman of the Audit Committee shall be an Independent Director	√		
3.2(ii)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).	√		
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.	√		

Condition no.	Title	Compliance status as on July-December, 2016		Remarks
		Complied	Not Complied	
3.3 (viii)	Review statement of significant related party transactions submitted by the management.	√		
3.3 (ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.	√		
3.3 (x)	When money is raised through Initial Public Offering (IPO)/ Repeat Public Offering (RPO)/Rights Issue the company shall disclose to the Audit Committee about the uses/applications of funds by major category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial results.			N/A
3.4	**Reporting of the Audit Committee:**			
3.4.1	**Reporting to the Board of Directors:**			
3.4.1 (i)	The Audit Committee shall report on its activities to the Board of Directors.	√		
3.4.1 (ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:-			
3.4.1 (ii) a	Report on conflicts of interests;			N/A
3.4.1 (ii) b	Suspected or presumed fraud or irregularity or material defect in the internal control system;			N/A
3.4.1 (ii) c	Suspected infringement of laws, including securities related laws, rules and regulations;			N/A
3.4.1 (ii) d	Any other matter which shall be disclosed to the Board of Directors immediately.			N/A
3.4.2	Reporting to the Authorities			N/A
3.5	Reporting to the Shareholders and General Investors	√		
4	**External/Statutory Auditor's Non-Engagement in:**			
4 (i)	Appraisal or valuation services or fairness opinions.	√		
4 (ii)	Financial information systems design and implementation.	√		
4 (iii)	Book-keeping or other services related to the accounting records or financial statements.	√		
4 (iv)	Broker-dealer services.	√		
4 (v)	Actuarial services.	√		
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)	√		

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Condition no.	Title	Compliance status as on July-December, 2016		Remarks
		Complied	Not Complied	
5	Subsidiary Company:			
5 (i)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.			N/A
5 (ii)	At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.			N/A
5 (iii)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.			N/A
5 (iv)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.			N/A
5 (v)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.			N/A
6	Duties of Chief Executive Officer (CEO) and Chief Financial Officer (CFO):			
6 (i)	They have reviewed financial statements for the year and that to the best of their knowledge and belief:			
6 (i) a	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	√		
6 (i) b	these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.	√		
6 (ii)	There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.	√		
7	Reporting and Compliance of Corporate Governance:			
7 (i)	The company shall obtain a certificate from a Professional Accountant/Secretary (Chartered Accountant/Cost & Management accountant/ Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.	√		
7 (ii)	The directors of the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions.	√		

Certificate on Compliance of Corporate Governance Guidelines

[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 period from 01 July 2016 to 31 December 2016. 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.A.Rashid & Associates Chartered Secretaries

S. Abdur Rashid FCS

Dhaka, 27 April 2017

AMARSTOCK

Statement of compliance with the good governance guidelines issued by Bangladesh Bank

Bangladesh Bank vide, DFIM Circular No. 7, dated 25 September 2007, issued a policy on the responsibility & accountability of the Board of Directors, Chairman & Chief Executive of financial institution. The Board of Directors of the Company has taken appropriate steps to comply with the guidelines.

A status report on compliance with those guidelines is stated below:

SL. No.	Particulars	Status of Compliance
1.	**Responsibilities and authorities of the Board of Directors:** The Board of Directors should focus mainly on the policy matters and evaluation of the performance of the institution, such as:	
	(a) Work-planning and strategic management:	
	(i) The Board shall determine the Vision/ Mission of the institute. In order to enhance operational efficiency and to ensure business growth, they shall chalk out strategies and work-plans on annual basis. The Board shall review such strategies on quarterly rests and shall modify accordingly, if required. If any structural modification is required, shall bring those changes with consultation with the management.	Complied
	(ii) The Board shall have its analytical review incorporated in the Annual report as regard to the success/failure in achieving the business and other targets as set out in its annual work-plan and shall apprise the shareholders on future plans and strategies.	Complied
	(iii) The Board will set the Key Performance Indicator (KPI)s for the CEO and other senior executives and will appraise those on half yearly basis.	Complied
	(b) Formation of sub-committee:	
	Executive Committee may be formed in combination with directors of the Company for rapid settlement of the emergency matters (approval of loan/lease application, write-off, rescheduling etc.) arisen from the regular business activities. Except the Executive Committee and Audit Committee, no other committee or sub-committee can be formed, even in temporary basis.	Complied
	(c) Financial management:	
	(i) Annual budget and statutory financial statements shall be adopted finally with the approval of the Board.	Complied
	(ii) Board shall review and examine in quarterly basis various statutory financial statements such as statement of income-expenses, statement of loan/lease, statement of liquidity, adequacy of capital, maintenance of provision, legal affairs including actions taken to recover overdue loan/lease.	Complied

SL. No.	Particulars	Status of Compliance
	(iii) Board shall approve the Company's policy on procurement and collection and shall also approve the expenditures according to policy. The Board to the maximum extend shall delegate the authority on the Managing Director and among other top executives for approval of expenditure within budget.	Complied
	(iv) The Board shall adopt the process of operation of bank accounts. To ensure transparency in financial matters, groups may be formed among the management to operate bank accounts under joint signatures.	Complied
	(d) Management of loan/lease/investments:	
	(i) Policy on evaluation of loan/lease/investment proposal, sanction and disbursement and its regular collection and monitoring shall be adopted and reviewed by the Board regularly based on prevailing laws and regulations. Board shall delegate the authority of loan/lease/investment specifically to management preferably on Managing Director and other top executives.	Complied
	(ii) No director shall interfere on the approval of loan proposal associated with him. The director concerned shall not give any opinion on that loan proposal.	Complied
	(iii) Any large loan/lease/investment proposal must be approved by the Board.	Complied
	(e) Risk management:	
	Risk Management Guideline framed in the light of Core Risk Management Guideline shall be approved by the Board and reviewed by the Board regularly.	Complied
	(f) Internal control and compliance management: An Audit Committee as approved by the Board shall be formed. Board shall evaluate the reports presented by the Audit Committee on compliance with the recommendation of internal auditors, external auditors and Bangladesh Bank Inspection team as well.	Complied
	(g) Human resource management:	
	Board shall approve the policy on Human Resources Management and Service Rule. The Chairman and directors of the Board shall not interfere on the administrative job in line with the approved Service Rule.	Complied
	Only the authority for the appointment and promotion of the Managing Director/Deputy Managing Director/ General Manager and other equivalent position shall lie with the Board incompliance with the policy and Service Rule. No director shall be included in any Executive Committee formed for the purpose of appointment and promotion of others.	Complied

SL. No.	Particulars	Status of Compliance
	(h) Appointment of CEO:	
	The Board shall appoint a competent CEO for the institution with the prior approval of the Bangladesh Bank and shall approve the proposal for increment of his salary and allowances.	Complied
	(i) Benefits offer to the Chairman:	
	For the interest of the business, the Chairman may be offered an office room, a personal secretary, a telephone at the office and a vehicle subject to the approval of the Board.	Complied
2.	**Responsibilities of the Chairman of the Board of Directors:**	
	(a) Chairman shall not participate in or interfere into the administrative or operational and routine affairs of the Company as he has no jurisdiction to apply executive power;	Complied
	(b) The minutes of the Board meetings shall be signed by the Chairman;	Complied
	(c) The Chairman shall sign-off the proposal for appointment of Managing Director and increment of his salaries & allowances;	Complied
3.	**Responsibilities of Managing Director:**	
	(a) Managing Director shall discharge his responsibilities on matters relating to financial, business and administration vested by the Board upon him. He is also accountable for achievement of financial and other business targets by means of business plan, efficient implementation of administration and financial management;	Complied
	(b) For day to day operations, Managing Director shall ensure compliance with the rules and regulation of the Financial Institutions Act, 1993 and other relevant circulars of Bangladesh Bank;	Complied
	(c) All recruitment/promotion, except those of DMD, GM and equivalent positions shall be vested upon the Managing Director. He shall act such in accordance the approved HR Policy of the institution;	Complied
	(d) Managing Director may re-schedule job responsibilities of employees	Complied
	(e) Except for the DMD, GM and equivalent positions, power to transfer and to take disciplinary action shall vested to the Managing Director.	Complied
	(f) Managing Director shall sign all the letters/statements relating to compliance of polices and guidelines. However, Departmental/Unit heads may sign daily letters/statements as set out in DFIM circular no. 2 dated 06 January 2009 if so authorized by MD.	Complied

Report on Internal Control

Objectives

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

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 executives of the company in the effective and successful performance with analyses, appraisals, recommendations, and other pertinent information concerning the activities being reviewed.

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

Internal control procedure

The internal audit adopts a risk based audit approach and conducts regular audits of all the branches/offices of the Company and evaluates on a continuous basis, the adequacy and effectiveness of the internal control mechanism, adherence to the policies and procedures of the Company as well as the regulatory and legal requirements. The internal audit department places its findings before the Audit Committee of Board of Directors at regular intervals. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal control systems and suggests improvement for strengthening the control systems according to the changing business needs from time to time.

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

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 is in compliance with the IAS (International Accounting Standards) and IFRS (International Financial Reporting Standards) as adopted by the ICAB (Institute of Chartered Accountant of Bangladesh) 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 of the 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 DBH 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 statements 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 quarterly, half-yearly and 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 vides their DFIM Circular No.- 13, dated : October 26, 2011 and Bangladesh Securities and Exchange Commission's Corporate Governance Guidelines dated August 7, 2012.

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

Name	Status in the Committee	Status in the Board
Mr. M I Chowdhury	Chairman	Independent Director
Mr. Faruq A Choudhury	Member	Chairman
Mr. Nasir A Choudhury	Member	Vice Chairman
Mr. A Z Mohammad Hossain	Member	Director
Mr. Swapan Kumar Sarkar, FCA	Member	Director

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 6 (six) months period, 3 (three) Committee meetings were held. The Committee reviews the financial reporting process, the system of internal control and management of financial & operational risks through the audit process.

Audit Committee reviewed the financial statements for the period from July 1, 2016 to December 31, 2016 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.

Sd/-
M I Chowdhury
Chairman
Audit Committee

Date: March 20, 2017

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Green Banking Activities of DBH

Green Banking has emerged and recognized as an important strategy to address sustainable concerns. The green initiatives will synergize collective responsibility and support approach to anticipate and prevent potential negative impact on the environment and society.

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

DBH has continued financing by complying the environmental standard. Our aim is to do best to ensure that the credits we extend to our customers are utilized for environmentally sound and sustainable purposes. 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 it's 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

Delta Brac Housing Finance Corporation Ltd. (DBH) being a corporate citizen, it derives the resources and benefits from operating in the society in general. It therefore, owes a solemn duty to the less fortunate and the under-privileged members of the society. Thus, Corporate Social Responsibility (CSR) is embedded in our values and informs how we conduct business.

We have put in place very strong and sensible CSR initiatives. CSR is an integral part of corporate culture and ethics of DBH.

DBH and its Customers

DBH is determined to serve its customer's 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 period under reporting i.e. from July 1, 2016 to December 31, 2016. The highlights of the activities taken during the reporting period are as follows:

- **Health Care:**

DBH donated to a serious Curative Treatment patient under the CSR policy of the Company in accordance with Bangladesh Bank guidelines.

- **Education:**

DBH donated computer to a Secondary School namely Khalishpur Maddhomik Biddaloy, Town Khalishpur (Chorer Hat), Khulna.

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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

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:

Particulars	Amount in Crore Taka
Paid up capital	121.85
Non-repayable share premium account	5.50
Statutory reserve	103.53
General reserve & other reserve	85.80
Retained earning	22.46
Dividend equalization account	20.00

	Amount in Crore Taka
c) The total amount of Tier 2 capital	26.57
(d) Other deductions from capital	-
(e) Total eligible capital	385.71

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

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- Raise fresh capital by issuing bonus share/right issue.

Quantitative Disclosures

	Amount in crore Taka
(b) Capital requirement for Credit Risk	212.57
(c) Capital requirement for Market Risk	4.44
(d) Capital requirement for Operational Risk	27.15
(e) Total and Tier 1 capital ratio:	
CAR on Total capital basis (%)	15.80
CAR on Tier 1 capital basis (%)	14.71

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	3,535.47
Loan against Deposit	27.52
Staff Loan	11.55
Installment Receivables	9.30
Total	3,583.84

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

Area	Amount in crore Taka
Dhaka	3,316.78
Chittagong	248.08
Sylhet	18.98
Total	3,583.84

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

Sector	Amount in crore Taka
Housing & Real Estate	3,555.24
Others	28.60
Total	3,583.84

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

Particulars	Amount in crore Taka
Repayable on demand	9.30
Not more than 3 months	230.55
Over 3 months but not more than 1 year	579.09
Over 1 year but not more than 5 years	1,870.05
Over 5 years	894.85
Total	3,583.84

(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	0.66
Housing loans over 5 years	12.34
Totals	13.00

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	13.00
Provision on unclassified loans and advances	102.99
Total	115.99

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	1.74
Provision on unclassified loans and advances	6.12
Total	7.86

Amount in crore Taka

(g) Gross Non Performing Assets (NPA) 13.00

Non Performing Assets (NPAs) to outstanding Loans and Advances 0.36%

Movement of Non-Performing Assets (NPAs)

Amount in crore Taka

Opening Balance	11.25
Additions	2.38
Reductions	0.64
Closing Balance	13.00

Movement of Specific Provisions for NPAs

Opening Balance	0.92
Provisions made during the period	0.02
Write-off	0.0
Written-back of excess provisions	0.0
Closing Balance	0.94

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. 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 December, 2016. 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)	22.22
Quoted shares (Cost Price)	28.57
Unquoted shares	1.20

Breakup of Total Investment	
Particulars	**Amount in crore Taka**
Government securities	0.11
Non marketable securities	1.20
Preference share	14.00
Investment in Peninsula AMCL Unit Fund	0.25
Marketable Securities	28.57

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

Particulars	Amount in crore Taka
Cumulative realized gain (loss)	0.20

(d)

Particulars	Amount in crore Taka
Total unrealized gains(Losses)	(3.10)
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 22.22 crore. Capital requirement is 10% of the said value which stands at BDT 2.22 crore.

General Risk – Market value of investment in equities is BDT 22.22 crore. Capital requirement is 10% of the said value which stands at BDT 2.22 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)	128.48	195.53	252.70	219.45	853.58
B. Total Rate Sensitive Assets (B)	299.84	460.69	309.25	287.13	377.08
C. Mismatch	171.36	265.15	56.55	67.67	-476.50
D. Cumulative Mismatch	171.36	436.51	493.06	560.73	84.23
E. Mismatch (%)	133.37%	135.60%	22.38%	30.84%	-55.82%

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)	1.68	3.37	5.05
Revised Regulatory Capital (BDT in Crore)	387.36	389.04	390.73
Risk Weighted Assets (BDT in Crore)	2,441.62	2,441.62	2,441.62
Revised CAR (%)	15.86%	15.93%	16.00%

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 because 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 place of equities held by the Company.

Equity Risk is managed by the following manner:

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

Quantitative Disclosures

(b) The capital requirements for Market Risk:

Amount in crore Taka

Interest rate risk	-
Equity position risk	4.44
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 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:	27.15

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Report on Going Concern Status of DBH

Delta Brac Housing Finance Corporation Ltd. (DBH) is a non-banking financial institution and continuing its business since 1997, as going concern basis. Financial Statements of a Company are required to be prepared on the basis of going concern concept as per Bangladesh Accounting Standard (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 Corporation Limited 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 a 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 December 2016, total short term borrowings of the Company were Taka 2,971 million, representing only 6.93 percent of total liabilities that indicates the Company has least reliance on short term borrowings.

Continuous financial support from 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. By the end of December 31, 2016 our deposit portfolio has increased by 19.72%, which reflect the growing confidence of depositors/lenders on DBH.

Positive operating cash flows:

Cash flow statement of the Company for the period ended on December 31, 2016 shows optimistic operating cash flows of Taka 3,646 million.

Positive key financial ratios:

The Company has very positive financial ratios as evident from financial summary given on page -22 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 24 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.

Fixed deposit with realistic renewal or repayment:

At the close of 6 (six) months period ended on December 31, 2016, total fixed deposits of the Company were Taka 34,394 million. Based on past experience, we can say that there is every possibility that major part of the deposit would be renewed further.

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Operating Performance growth:

Though the overall financial sectors suffered during the year, DBH has maintained growth in its operating performance. Company's total loans & advances have increased from Taka 33,579 million to Taka 35,838 million indicating a growth of 6.7 % from June 2016. Total consolidated operating income is Taka 885 million and total profit after tax is Taka 331 million at the close of the December 31, 2016 i.e. for the operation of 6 (six) months. All those indicators support Company's continuance in foreseeable periods.

Operating Indications

Diversified deposit product:

Company has also expanded its products/ services line by introducing products like Annual Income Deposit, Monthly Income Deposit, Quarterly Income Deposit, Cumulative Deposit, Flexible Fixed Deposit, Profit First Deposit, and Easy way Deposit etc.

Corporate environment and employee satisfaction:

There exists a very good corporate environment in the Company. DBH is an excellent work 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 11 (eleven) consecutive year 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 December 31, 2016, the Company's total paid-up capital stands at Taka 1218.52 million, while the minimum paid-up capital as required by Bangladesh Bank is Taka 1,000.00 million. DBH's capital adequacy ratio is 15.80 against minimum requirement of 10% as set by the regulator under Basel-II.

Strong equity base:

As on December 31, 2016, total equity of the Company stands at Taka 3,591 million representing an increase of 15 % over December 2015 that reflects company's long-term viability.

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.

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 6 (six) months period ended 31st December 2016 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 period and reasonably present the Company's financial condition and results of operations. These Financial Statements are audited by the Statutory Auditors, M/s. S F Ahmed & 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 31st December, 2016 and the profit of the Company for the 6 (six) months period 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 accounts for 6 (six) months period 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. S F Ahmed & Co., Chartered Accountants, the external auditor of the Company have carried out 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 members meeting and board meetings, relevant policies and expressed their opinion.

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Certification on Financial Statements by CEO and CFO

The financial statements for the 6 (six) months period ended on December 31, 2016 of 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.

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

(i) We have reviewed financial statements for the period and that to the best of our knowledge and belief:

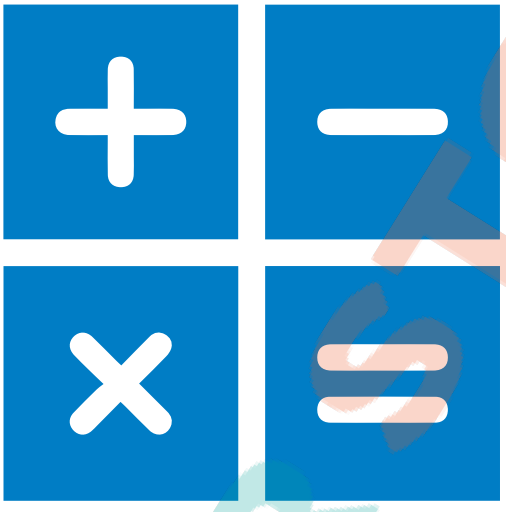
a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

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 6 (six) months period which are fraudulent, illegal or violation of the Company's code of conduct.

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

Syed Aminul Islam
Head of Finance



DELTA BRAC HOUSING FINANCE CORPORATION LIMITED

Auditors' Report and Financial Statements

as at and for the period ended

31 December 2016

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Auditors' Report

To the Shareholders of Delta Brac Housing Finance Corporation Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Delta Brac Housing Finance Corporation Limited which comprise the statement of financial position (Balance Sheet) as at 31 December 2016 and Statement of Profit or Loss & Other Comprehensive Income (Profit and Loss Account), statement of changes in equity and statement of cash flow for the 6 (six) months period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements of the company in accordance with Bangladesh Financial Reporting Standards (BFRS), Financial Institutions Act 1993, the rules and regulations issued by the Bangladesh Bank, the Companies Act 1994, the Securities and Exchanges Rules 1987 and other applicable laws and regulations. This responsibility includes designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of these financial statements of the company 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 of the company based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements of the company are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements of the company. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements of the company, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements of the company 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 of the company.

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 of the company prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs), give a true and fair view of the state of the Financial Position (Balance Sheet) of the company as at 31 December 2016 and of the results of its financial performance and statement of cash flows for the 6 (six) months period then ended and comply with the Financial Institutions Act 1993, The Companies Act 1994, the rules and regulations issued by the Bangladesh Bank, the Securities and Exchanges Rules 1987 and other applicable laws and regulations.

Report on Other Legal and Regulatory Requirements:

In accordance with companies Act 1994, Securities and Exchange Rules 1987, the Financial Institutions Act 1993 as amended in 2013 and the rules and regulations issued by Bangladesh Bank, we also report the following:

(i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;

(ii) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books and proper returns adequate for the purpose of our audit have been received from branch not visited by us;

(iii) the DBH's financial position (Balance Sheet) and statement of profit or loss and other comprehensive income (Profit and Loss Account) together with the annexed notes 1 to 38 dealt with by the report are in agreement with the books of account and returns;

(iv) the expenditure incurred was for the purpose of the DBH's business;

(v) the financial position of DBH as at 31 December 2016 and the profit for the 6 (six) months period then ended have been properly reflected in the financial statements and the financial statements have been drawn up in conformity with the Financial Institutions Act, 1993 and in accordance with the accounting rules and regulations issued by the Bangladesh Bank;

(vi) the financial statements conform to the prescribed standards set in the accounting regulations issued by the Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;

(vii) adequate provisions have been made for advances and other assets which are, in our opinion, doubtful of recovery;

(viii) the internal control and the compliance of the Company is satisfactory, and effective measures have been taken to prevent possible fraud, forgery and internal policies are being followed appropriately;

(ix) the information and explanations required by us have been received and found satisfactory;

(x) the DBH has no overseas branches;

(xi) 80% of the risk-weighted assets have been audited;

(xii) we have spent approximately 620 man hours for the audit of books & accounts of DBH.

Dated, Dhaka;
12 April 2017

S. F. Ahmed & Co.
Chartered Accountants

Balance Sheet

As at 31 December 2016

	Notes	31 December 2016 Taka	30 June 2016 Taka
PROPERTY AND ASSETS			
Cash		**558,798,869**	**538,107,410**
In hand	3.1	68,427	73,760
Balance with Bangladesh Bank and its agent Bank	3.2	558,730,442	538,033,650
Balance with other banks and financial institutions		**9,272,864,801**	**5,862,512,234**
In Bangladesh	4.1	9,272,864,801	5,862,512,234
Outside Bangladesh		-	-
Money at call on short notice	5	-	-
Investments	6	**441,258,646**	**427,696,230**
Government		1,057,687	1,085,379
Others		440,200,959	426,610,851
Loans and advances		**35,838,371,384**	**33,578,603,761**
Loans and advances	7	35,838,371,384	33,578,603,761
Fixed assets including land, building, furniture and equipments	8	**157,513,532**	**148,522,410**
Other assets	9	**202,898,065**	**129,073,890**
Total Assets		**46,471,705,297**	**40,684,515,935**
LIABILITIES AND CAPITAL			
Liabilities			
Borrowing from other banks and financial institutions	10	**6,080,579,105**	**6,095,892,172**
Deposit and other accounts		**34,393,955,116**	**28,727,974,768**
Fixed deposits	11	34,393,955,116	28,727,974,768
Other deposits		-	-
Other liabilities	12	**2,405,758,399**	**2,251,897,601**
Total Liabilities		**42,880,292,620**	**37,075,764,541**
Shareholders' equity			
Paid-up capital	13.2	1,218,518,430	1,160,493,750
Share premium	14	55,000,000	55,000,000
Statutory reserve	15	1,035,283,149	969,121,267
Other reserves	16	1,058,040,000	1,008,040,000
Retained earnings	32	224,571,098	416,096,377
Total equity		**3,591,412,677**	**3,608,751,394**
Total liabilities and Shareholders' equity		**46,471,705,297**	**40,684,515,935**
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	16,739,437
Total contingent liabilities		**16,739,437**	**16,739,437**
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		638,770,000	496,672,133
Total other commitments		**638,770,000**	**496,672,133**
Total Off-Balance Sheet items including contingent liabilities		**655,509,437**	**513,411,570**

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 April 12, 2017 and were signed on its behalf by:

Nasir A. Choudhury
Vice Chairman

Adeeba Rahman, ACII- Life
Director

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

Dated, Dhaka;
12 April 2017

S. F. Ahmed & Co.
Chartered Accountants

Profit and Loss Account

For the six months period ended 31 December 2016

	Notes	01 July 2016 to 31 December 2016 Taka	01 July 2015 to 30 June 2016 Taka
Interest Income	18	2,103,403,717	4,323,704,965
Interest paid on deposits and borrowings etc	19	(1,324,118,910)	(2,636,374,395)
Net Interest Income		**779,284,806**	**1,687,330,570**
Income from investment	20	21,046,384	10,311,414
Commission, exchange and brokerage	21	72,830,105	132,923,056
Other operating income	22	11,531,109	20,370,503
Total operating income		**884,692,404**	**1,850,935,543**
Salary and allowances	23	131,253,554	262,046,454
Rent, taxes, insurance, electricity etc.	24	23,297,417	41,983,185
Legal & professional expenses	25	1,352,369	1,517,083
Postage, stamp, telecommunication etc.	26	3,089,191	6,628,121
Stationery, printing, advertisements etc.	27	7,147,986	11,063,911
Managing Director's salary and fees		5,530,000	12,060,000
Directors' fees and expenses	28	426,254	1,319,084
Auditors' fees	29	201,250	301,875
Depreciation, repairs & maintenance	30	14,452,199	28,938,605
Other expenses	31	15,877,960	32,258,671
Total operating expenses		**202,628,181**	**398,116,989**
Profit before provisions		**682,064,223**	**1,452,818,554**
Provisions			
Loans and advances	12.1.3	78,622,963	85,817,053
Diminution in value of investments	12.1.4	531,089	(27,571,135)
Total provisions		**79,154,052**	**58,245,918**
Profit before tax		**602,910,171**	**1,394,572,636**
Provision for tax			
Current	12.2	271,410,390	606,419,209
Deferred	9.3 a	690,373	2,170,324
		272,100,763	608,589,533
Profit after tax		**330,809,408**	**785,983,103**
Appropriations			
Statutory reserve		66,161,882	157,196,621
General reserve		-	-
		66,161,882	157,196,621
Retained surplus		**264,647,526**	**628,786,482**
Earnings Per Share (Restated)	33	**2.71**	**6.45**

Notes:

1. Auditors' Report-Page 1 & 2
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Nasir A. Choudhury
Vice Chairman

Dated, Dhaka;
12 April 2017

Adeeba Rahman, ACII- Life
Director

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

S. F. Ahmed & Co.
Chartered Accountants

Cash Flow Statement

For the six months period ended 31 December 2016

	01 July 2016 to 31 December 2016 Taka	01 July 2015 to 30 June 2016 Taka
Cash flows from operating activities		
Interest received	2,047,037,299	4,330,402,142
Interest payments	(1,269,615,530)	(3,044,416,772)
Dividend received	11,256,768	17,095,742
Fees and commission received	72,830,105	132,923,056
Paid to employees	(116,707,341)	(264,062,561)
Paid to suppliers and for various operating expenses	(37,261,364)	(100,129,305)
Income tax paid	(290,887,549)	(561,569,510)
Received from other operating activities	13,516,845	10,014,019
Cash generated from operating activities before changes in operating assets and liabilities	430,169,233	520,256,811
Increase/(decrease) in operating assets and liabilities		
Loans and advances to customers	(2,258,519,471)	(4,334,439,716)
Purchase/Sale of trading securities	(13,590,108)	30,298,513
Other assets	(7,992,028)	(46,413,597)
Loans and deposits from banks and other customers	5,499,496,491	4,711,250,517
Other liabilities	(3,295,954)	33,734,322
Cash utilized in operating assets and liabilities	3,216,098,930	394,430,039
Net cash generated from operating activities	**3,646,268,163**	**914,686,850**
Cash flows from investing activities		
Net proceeds(Payments) for sale/purchase of Treasury Bills	27,692	(1,085,379)
Other investments	-	(92,500,000)
Purchase of property, plant & equipment	(18,276,095)	(50,217,665)
Proceeds from sell of property, plant & equipment	1,600	3,625,735
Net cash used in investing activities	**(18,246,803)**	**(140,177,309)**
Cash flows from financing activities		
Cash dividend paid	(348,148,125)	(348,148,125)
Net cash used in financing activities	**(348,148,125)**	**(348,148,125)**
Net increase in cash and cash equivalents	**3,279,873,235**	**426,361,416**
Cash and cash equivalents (net off overdraft) at the beginning of the period	**5,870,466,836**	**5,444,105,420**
Cash and cash equivalents (net off overdraft) at the end of the period	**9,150,340,071**	**5,870,466,836**

Notes:

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Dated, Dhaka;
12 April 2017

Adeeba Rahman, ACII- Life
Director

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

S. F. Ahmed & Co.
Chartered Accountants

Statement of Changes in Equity

For the six months period ended 31 December 2016

Amount in Taka

Particulars	Paid-up Capital	Share Premium	Statutory Reserve	General & Other Reserves	Retained earnings	Total
Balance as on 1 July 2016	1,160,493,750	55,000,000	969,121,267	1,008,040,000	416,096,377	3,608,751,394
Net profit (after tax) for the period	-	-	-	-	330,809,408	330,809,408
Transferred to reserve funds	-	-	66,161,882	50,000,000	(116,161,882)	-
Stock dividend issued	58,024,680	-	-	-	(58,024,680)	-
Cash dividend paid	-	-	-	-	(348,148,125)	(348,148,125)
Balance as on 31 December, 2016	**1,218,518,430**	**55,000,000**	**1,035,283,149**	**1,058,040,000**	**224,571,098**	**3,591,412,677**
Balance as on 30 June, 2016	**1,160,493,750**	**55,000,000**	**969,121,267**	**1,008,040,000**	**416,096,377**	**3,608,751,394**

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Liquidity Statement

As at 31 December, 2016

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)	558,798,869	-	-	-	-	558,798,869
Balance with other banks and financial institutions	2,122,864,801	6,300,000,000	850,000,000	-	-	9,272,864,801
Money at call on short notice	-	-	-	-	-	-
Investments	263,201,459	-	34,500,000	141,057,687	2,499,500	441,258,646
Loans and advances	1,089,397,578	1,309,106,687	5,790,855,796	18,700,525,339	8,948,485,984	35,838,371,384
Fixed assets including land, building, furniture and equipments	-	-	-	-	157,513,532	157,513,532
Other assets	46,301,774	84,425,451	68,354,161	3,816,680	-	202,898,066
Total Assets	**4,080,564,480**	**7,693,532,138**	**6,743,709,957**	**18,845,399,706**	**9,108,499,016**	**46,471,705,297**
Liabilities						
Borrowing from other banks and financial institutions	708,029,446	559,689,507	2,204,537,838	1,130,783,021	1,477,539,292	6,080,579,105
Deposits and other accounts	1,266,819,907	4,322,619,316	9,725,767,187	142,433,910	18,936,314,797	34,393,955,116
Other liabilities	249,119,794	398,272,343	1,168,388,067	200,675,593	389,302,602	2,405,758,399
Total liabilities	**2,223,969,147**	**5,280,581,166**	**13,098,693,092**	**1,473,892,524**	**20,803,156,691**	**42,880,292,620**
Net liquidity gap	1,856,595,333	2,412,950,972	(6,354,983,135)	17,371,507,182	(11,694,657,675)	3,591,412,677

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Notes to the Financial Statements

as at and for the period ended 31 December 2016

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 Exchange in Bangladesh.

(b) Nature of business

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

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 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 rules of Dhaka and Chittagong Stock Exchanges and other applicable laws & regulations in Bangladesh and practices generally followed by Housing Finance Institutions.

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

2.02 Going concern

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

2.03 Reporting period

These financial statements have been prepared for the period from 1 July 2016 to 31 December 2016. DBH changes its reporting period and presents financial statements for a period shorter than one year (06 months) to comply with the section 9 of the Finance Act 2015 and modification of section 2(35) of Income Tax Ordinance 1984 and accordingly the amounts presented in the financial statements are not entirely comparable.

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2.04 Functional and presentation currency

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

2.05 Use of estimates and judgments

The preparation of financial statements require management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses, estimates. Assumptions also require 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 item which involve these judgments, estimates and assumptions are discussed below:

Impairment losses on loans and advances

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

2.06 Materiality and aggregation

Each material item 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.

2.07 Foreign currency transactions

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

2.08 Liquidity statement

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

a) Balance with other banks and financial institutions, money at call 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.

2.09 Property, plant and equipments

a. Recognition

In pursuant to BAS 16 "Property, Plant and Equipment" the cost of an item of property, plant and equipment 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 additional 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.

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 for six months period (as explained in notes 2.03):

Category of assets	Rates of depreciation per annum	Estimated useful life
Furniture & Fixtures	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 & Equipment. Such gain or loss is determined as the difference between sales proceeds and carrying amount of the asset.

2.10 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).

2.11 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.

2.12 Investment in securities

Investments are initially recognized at cost including acquisition charges with the investments. After initial recognition, investments in marketable securities except DBH 1st Mutual Fund and Green Dellta 1st 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 as on December 31, 2016 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.

2.13 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.

2.14 Cash Flow Statements

The cash flow statement is prepared using the direct method as stipulated in Bangladesh Accounting Standard - 7 “Statement of Cash Flows” and in compliance with the instruction of Bangladesh Bank.

2.15 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.

2.16 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.

2.17 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.

2.18 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.

2.19 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.

2.20 Write off

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

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

2.21 Interest expense

The Company has incurred interest and related expenses on account of term loan, deposit, overdraft 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.

2.22 Earnings per share

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

2.23 Related party 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.

2.24 Events after the balance sheet date

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

2.25 Contingent liabilities and contingent assets

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

2.26 Branch accounting

The Company has six offices (head office & five branches), with no overseas branch as on December 31, 2016. Accounts of the branches are maintained at the head office which are included in the accompanying financial statements.

2.27 General

a) Figures appearing in these Financial Statements have been rounded off to the nearest Taka.

b) Previous year's figures have been rearranged/restated/reclassified, where necessary, in order to conform. to current period's presentation.

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

Name of the BAS	BAS No.	Status
Presentation of Financial Statements	1	**
Inventories	2	N/A
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
Leases	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
Separate Financial Statements	27	N/A
Investment in Associates and Joint Ventures	28	N/A
Financial Instruments: Presentation	32	**
Earnings Per Share	33	Applied
Interim Financial Reporting	34	Applied
Impairment of Assets	36	Applied
Provisions, 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 operations	5	N/A
Exploration for and Evaluation of Mineral Resources	6	N/A
Financial Instruments : Disclosures	7	**
Operating Segment	8	N/A
Consolidated Financial Statements	10	N/A
Joint Arrangements	11	N/A
Disclosure of Interests in other Entities	12	N/A
Fair Value Measurement	13	Applied
Regulatory Deferral Accounts	14	N/A

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

2.29 Financial risk management

The Company always concentrates on delivering high value to its stakeholders through appropriate trade-off between risk and return. A well structured and proactive risk management system comprising risk management forum supported by risk management unit is in place within the Company to address risks relating to credit, market, liquidity and operations. In addition to the industry best practices for assessing, identifying and measuring risks, the Company also considers guidelines for managing core risks of financial institutions issued by the Country's Central Bank, Bangladesh Bank, vide FID Circular No. 10 dated September 18, 2005 for management of risks and DFIM Circular No. 03 dated 24 January 2016.

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 internal audit 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.

Money Laundering and Terrorist Financing Risk

In DBH, money laundering and terrorist financing risk takes two broad dimensions:

i) Business risk i.e. the risk that DBH may be used for money laundering or terrorism financing &

ii) Regulatory risk i.e. the risk that DBH fails to meet regulatory obligations under the Money Laundering Prevention Act 2012 and Anti-Terrorism Act 2009 (amended in 2013).

DBH adhering to various guidelines and circulars issued by the Bangladesh Financial Intelligence Unit (BFIU) and put in place a strict compliance program consisting of the following components to mitigate above risk:

a) Development and implementation of internal policies, procedures and controls to identify and report instances of money laundering and terrorist financing;

b) Creation of structure and sub-structure within the organisation, headed by a Central Compliance Unit (CCU), for AML and CFT compliance;

c) Appointment of an AML/CFT Compliance Officer, known as the Chief Anti Money Laundering Officer (CAMLCO), to lead the CCU;

d) Independent testing procedures carried out by internal audit function to ensure effectiveness of AML/CFT program.

e) Ongoing employee training programs.

Additional risks required to be addressed under new regulatory requirements

The Integrated Risk Management Guidelines for Financial Institutions which was issued by DFIM through Circular No. 03 dated 24 January 2016 explains a number of following additional risks that financial institutions are now required to address to cover all the major aspects of risks which may arise at any point of time.

Strategic Risk

Strategic risk means the current or prospective risk to earnings and capital arising from imperfection in business strategy formulation, inefficiencies in implementing business strategy, less adaptability with the changes in the business environment and adverse business decisions. Strategic risk induces operational loss that consequentially hampers the capital base. Major roles of the board of the directors, senior management and business units in managing strategic risks, steps to be followed in the strategic risk management process and also measures for strategic risk control are explained in the guidelines.

Since its inception, DBH has been managing strategic risks which are evident from the dynamic business model of the company over the years. Major organizational units are assigned to address the major strategic risks aspects with a view to minimize the negative impact of those risks.

Compliance Risk

Compliance risk is the risk of legal sanctions, material financial loss or loss to reputation the FI may suffer as a result of its failure to comply with laws, its own regulations, code of conduct, and standards of best/good practice. Compliance risk is sometimes also referred to as integrity risk because a FI's reputation is closely connected with its adherence to principles of integrity and fair dealing.

The guidelines set out the respective roles of the board, senior management and compliance function units in managing compliance risks and the FI's board of directors is responsible for overseeing the management of the FI's compliance risk. The board should establish a compliance function and approve the FI's policies and processes. The Board discharges its responsibilities itself and through delegation of authorities to Executive Committee, Audit Committee and Risk Management Committee of the Board. The Compliance department of DBH is responsible for assessing compliance risk in relation to institutional matters such as governance, best practices and corporate social responsibility.

The objective is to identify any compliance risks at an early stage that may undermine the integrity and the success of DBH and to mitigate the risks in most appropriate way.

Reputation Risk

Reputational risk is defined as the risk of losses, falling business volume or income as well as reduced value of the company arising from business events that may reduce the confidence of the customers & clients, shareholders, investors, counterparties, business partners, credit rating agencies, regulators and general public on DBH.

The guidelines explain the roles of the Board and senior management in managing reputation risk. The management ensures that DBH is aware of any changes in market perceptions as soon as possible. Accordingly, all business policies and transactions are subjected to careful consideration. DBH takes necessary precautions to avoid business policies and transactions that may result in significant tax, legal or environmental risks. Reputational risk is also factored into major credit decisions that may lead to credit proposal being declined.

Environmental and Social Risk

Environmental risk is a facilitating element of credit risk arising from environmental issues. DBH uses Environmental Risk Rating (EnvRR) while financing to new projects. Company is making its credit appraisal process to be much more stringent from an Environment and Social (E&S) perspective – evaluating all the environmental and social factors such as project impacts on the environment and the community in the long run, prior to approving a loan.

2.30 Implementation of BASEL-II

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

		31 December 2016 Taka	30 June 2016 Taka
3	**Cash**		
3.1	**Cash in hand**		
	Local Currency	68,427	73,760
	Foreign Currency	-	-
		68,427	**73,760**
3.2	**Balance with Bangladesh Bank and its' agents**		
	Bangladesh Bank:		
	Local Currency	558,509,075	537,725,609
	Foreign Currency	162,233	161,291
		558,671,308	537,886,900
	Balance with Sonali Bank being an agent of Bangladesh Bank	59,134	146,750
		558,730,442	**538,033,650**

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

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

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

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

3.3.1	**Cash Reserve Requirement (CRR)**		
	Required reserve	554,725,903	530,797,513
	Actual average reserve maintained	582,640,956	544,825,445
	Surplus/(deficit)	**27,915,053**	**14,027,932**

		31 December 2016 Taka	30 June 2016 Taka
3.3.2	**Statutory Liquidity Reserve (SLR)**		
	Required reserve (including CRR)	1,165,655,911	1,117,748,863
	Actual reserve maintained (including CRR note -3.3.1)	3,305,524,400	1,817,686,060
	Surplus/(deficit)	**2,139,868,489**	**699,937,197**
4	**Balance with other banks and financial institutions**		
	In Bangladesh (Note 4.1)	9,272,864,801	5,862,512,234
	Outside Bangladesh	-	-
		9,272,864,801	5,862,512,234
4.1	**In Bangladesh**		
	Current deposits	29,770,517	81,180,884
	Short-term deposits	91,426,784	31,331,350
	Fixed deposits	9,151,667,500	5,750,000,000
		9,272,864,801	**5,862,512,234**
4.2	**Maturity grouping of balance with other banks and financial institutions**		
	Payable on demand	29,770,517	81,180,884
	Up to 1 month	2,093,094,284	831,331,350
	Over 1 month but not more than 3 months	6,300,000,000	3,700,000,000
	Over 3 month but not more than 6 months	850,000,000	1,250,000,000
	Over 6 month but not more than 1 year		-
	Over 1 year but not more than 5 years		-
	Over 5 years		-
		9,272,864,801	**5,862,512,234**
5	**Money at call on short notice**	-	-
6	**Investments**		
	Government securities:	1,057,687	1,085,379
	Other investments:		
	Non marketable securities (Note-6.1)	11,999,500	11,999,500
	Preference Share	140,000,000	90,000,000
	Commercial Paper	-	50,000,000
	Investment in Peninsula AMCL Unit Fund	2,500,000	2,500,000
	Marketable securities (Note-6.2)	285,701,459	272,111,351
		440,200,959	426,610,851
		441,258,646	**427,696,230**

			31 December 2016 Taka	30 June 2016 Taka
6.1	**Investment in non marketable securities**			
		No. of shares		
	Bangladesh Rating Agencies Ltd.	24,995	2,499,500	2,499,500
	Energyprima Ltd. (Pre-IPO shares)	100,000	9,500,000	9,500,000
			11,999,500	**11,999,500**

6.2 **Investment in marketable securities**

Sectors	Market price 31 December 2016	Cost price	Cost price
Bank	7,881,200	7,826,188	2,108,376
Engineering	13,670,104	17,100,615	16,780,606
Fuel & Power	15,154,890	19,152,170	14,024,814
Tannery Industries	377,546	74,320	-
Mutual Funds	161,723,850	219,207,081	209,742,081
Food & Allied	76,975	74,065	-
Pharmaceuticals & Chemicals	15,566,201	14,725,302	16,883,126
Services and Real Estate	1,577,394	1,434,621	1,919,943
Telecommunication	2,841,000	2,807,823	5,687,459
Cement	1,915,400	1,991,714	2,410,774
Miscellaneous	172,000	179,550	-
Textile	1,234,490	1,128,011	1,628,595
IT Sector	-	-	925,577
	222,191,050	**285,701,459**	**272,111,351**

All investment in marketable securities are valued on an aggregate portfolio basis except DBH First Mutual Fund, Green Delta Mutual Fund and Vanguard AML Rupali Bank Balanced Fund. Mutual Funds have been valued at 85% of latest published NAV available as on December 31, 2016. As on December 31, 2016 there was TK.28,526,895 provision 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 December 2016 (last trading date was December 29, 2016).

6.3	**Maturity grouping of investments:**		
	On demand	263,201,459	246,646,538
	Up to 1 month	-	-
	Over 1 month but not more than 3 months	-	-
	Over 3 month but not more than 6 months	12,000,000	67,464,813
	Over 6 month but not more than 1 year	22,500,000	20,000,000
	Over 1 year but not more than 5 years	141,057,687	91,085,379
	Over 5 years	2,499,500	2,499,500
		441,258,646	**427,696,230**

		31 December 2016 Taka	30 June 2016 Taka
7	**Loans and advances**		
	Inside Bangladesh		
	Housing Loan - secured	35,354,663,321	33,197,272,277
	Installment Receivable - Housing Loan	92,991,586	93,951,367
	Staff loan	115,532,537	117,177,501
	Loan against Deposits	275,183,940	170,202,616
		35,838,371,384	**33,578,603,761**
	Outside Bangladesh	-	-
		35,838,371,384	**33,578,603,761**
7.1	**Maturity grouping of loans and advances**		
	Repayable on demand	92,991,586	93,951,367
	Not more than 3 months	2,305,512,679	1,991,858,590
	Over 3 month but not more than 1 years	5,790,855,796	5,258,809,313
	Over 1 year but not more than 5 years	18,700,525,339	17,305,756,072
	Over 5 years	8,948,485,984	8,928,228,419
		35,838,371,384	**33,578,603,761**
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	10,772,697	11,126,923
	d) Loans and advances to customer group:		
	i) Housing loan - customer	35,447,654,907	33,291,223,644
	ii) Staff loan-housing & others	104,759,840	106,050,578
	iii) Loan to depositors	275,183,940	170,202,616
		35,838,371,384	**33,578,603,761**
	e) Details of loan and advances industry-wise		
	i) Housing Finance/ Real Estate	35,552,402,853	33,397,096,893
	ii) Others	285,968,531	181,506,868
		35,838,371,384	**33,578,603,761**
7.3	**Loans and advances - geographical location-wise**		
	Inside Bangladesh:		
	Urban	-	-
	Dhaka	33,167,807,830	31,029,731,233
	Chittagong	2,480,751,967	2,373,804,247
	Sylhet	189,811,587	175,068,281
		35,838,371,384	**33,578,603,761**
	Outside Bangladesh:	-	-
		35,838,371,384	**33,578,603,761**

		31 December 2016 Taka	30 June 2016 Taka
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.	35,835,692,900	33,575,313,766
	iii) 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.	2,678,484	3,289,995
	iv) Loan and advances adversely classified: for which no provision is created.	-	-
		35,838,371,384	**33,578,603,761**
	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.	116,830,647	119,472,027
	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 director, managers or officers of the financial institution or any of them either separately or jointly with any other person.	116,830,647	132,126,066
	viii) Maximum total amount of advances, including temporary advances, granted during the period to companies or firms in which the directors of the financial institution have interest as directors, partners or managing agents or in the case of private companies as members.		
	ix) Due from other bank and financial institutions	-	-
	x) Information in respect of classified loans and advances		
	a) Classified loans for which interest/ profit not credited to income		
	i) Increase/(decrease) of provision (specific)	55,977,091	43,528,631

	31 December 2016 Taka	30 June 2016 Taka
ii) Amount of written off debt against fully provided debts	-	-
iii) Amount of debt recovered against the debt which was previously written off	-	-
b) Amount of provision kept against loan classified as bad/loss at balance sheet date	67,325,881	53,048,942
c) Amount of interest creditable to interest suspense account	46,305,240	42,314,134
xi) Cumulative amount of written off loans and advances		
Opening Balance	4,864,006	4,864,006
Amount written off during the year	-	-
Amount recovered against loans and advances previously written off	-	-
Balance of written off loans and advances yet to be recovered	4,864,006	4,864,006
The amount of written off loans, advances and leases for which law suits have been filed	4,941,646	4,941,646

7.6 Classification of loans and advances

Unclassified:		
Standard (including Staff Loan and Loan against Deposits)	35,687,270,486	33,451,039,294
Special mention account (SMA)	21,116,970	15,014,761
	35,708,387,456	**33,466,054,055**
Classified:		
Sub-standard	44,748,033	41,149,850
Doubtful	17,910,014	18,350,914
Bad/loss	67,325,881	53,048,942
	129,983,928	**112,549,706**
	35,838,371,384	**33,578,603,761**

7.7 Calculation of provision for loans and advances as per Loan Classification Report as on December 31, 2016.

Nature	Base for provision	Rate (%)	Provision required
Standard	35,296,554,009	1	352,965,540
Special mentioned account	19,074,694	5	953,735
Sub- standard	6,697,462	20	1,339,492
Doubtful	-	50	-
Bad	8,053,988	100	8,053,988
Staff - standard	115,532,537	1	1,155,325
Loan against deposit - standard	275,183,940	1	2,751,839

		31 December 2016 Taka	30 June 2016 Taka
8	**Fixed assets including land, building, furniture and equipment:**		
	Freehold assets (Cost):		
	Furniture & fixture	46,111,467	45,955,381
	Office equipment	60,482,745	56,884,997
	Vehicles	36,777,629	36,777,629
	Building	104,844,587	90,782,563
	Land	12,092,849	12,092,849
	Intangible asset	3,834,359	3,834,359
		264,143,636	246,327,778
	Less: Accumulated depreciation	106,630,104	97,805,368
		157,513,532	**148,522,410**
	Detailed are shown in annexure A.		
9	**Other assets**		
	Accounts receivable (Note-9.1)	131,538,677	73,938,737
	Advances, deposits and prepayments (Note-9.2)	62,571,244	46,536,345
	Deferred tax assets (Note-9.3)	5,622,579	6,312,952
	Stamps and pay order in hand	3,165,566	2,285,856
		202,898,065	**129,073,890**
9.1	**Account receivables**		
	Interest receivable	115,934,706	56,795,241
	Dividend receivable	10,336,154	2,562,367
	Sundry receivable	5,267,817	14,581,129
		131,538,677	**73,938,737**
9.2	**Advances, deposits and prepayment**		
	Advance to employees	874,901	618,505
	Advance to suppliers	13,252,700	112,000
	Advance against office premises	42,333,333	38,984,788
	Security deposits	3,660,000	3,096,000
	Prepaid expenses	683,279	1,685,980
	Advance rent	1,767,032	2,039,072
		62,571,244	**46,536,345**
9.3	**Deferred tax assets**		
	Balance as on July 1	6,312,952	8,483,276
	Add: Addition during the period/year (Note-9.3 a)	(690,373)	(2,170,324)
		5,622,579	**6,312,952**

AMARSTOCK

		31 December 2016 Taka	30 June 2016 Taka
9.3 a	**Calculation of deferred tax**		
	Carrying amount of Fixed Assets(excluding land)	136,000,051	125,607,093
	Tax base value of Fixed Assets	140,117,809	131,197,625
	Deductible temporary difference	4,117,758	5,590,532
	Applicable tax rate	40%	40%
	i) Deferred tax assets on fixed assets	1,647,103	2,236,213
	Carrying amount-Loss on sale of securities	39,754,756	40,767,387
	Tax base	-	-
	Deductible temporary difference	39,754,756	40,767,387
	Applicable tax rate	10%	10%
	ii) Deferred tax assets on loss on sale of securities	3,975,476	4,076,739
	Total deferred tax assets (i+ ii)	5,622,579	6,312,952
	Deferred tax (liability)/assets at the beginning of the year	6,312,952	8,483,276
	Deferred tax income/(Expense)	(690,373)	(2,170,324)
10	**Borrowing from other banks and financial institutions**		
	Inside Bangladesh (Note 10.1)	6,080,579,105	6,064,558,839
	Outside Bangladesh (Note 10.2)	-	31,333,333
		6,080,579,105	**6,095,892,172**
10.1	**Inside Bangladesh**		
	a) Secured Short-term & long-term loans:		
	Pubali Bank Limited	1,300,000,000	1,450,000,000
	Standard Chartered Bank	400,000,000	-
	Citi Bank, NA	200,000,000	200,000,000
	Commercial Bank of Ceylon plc	386,340,000	406,380,000
		2,286,340,000	**2,056,380,000**
	b) Unsecured long-term loan:		
	Bangladesh Bank (Housing refinance)	2,772,915,507	2,908,026,031
		2,772,915,507	**2,908,026,031**

		31 December 2016 Taka	30 June 2016 Taka
	c) Bank overdraft:		
	Commercial Bank of Ceylon plc	19,915,728	12,992,757
	Citi Bank N.A	-	23,909,918
	Standard Chartered Bank	101,754,583	-
	Standard Bank Ltd.	15,023,547	229,145,145
	Social Islami Bank Ltd.	450,441,381	250,065,972
	Pubali Bank Ltd.	68,829,668	14,039,016
	NRB Bank	25,358,692	-
		681,323,598	**530,152,808**
	d) Call loans:		
	Bank Asia Ltd.	150,000,000	-
	Rupali Bank Ltd.	50,000,000	-
	Sonali Bank Ltd.	40,000,000	100,000,000
	Agrani Bank Ltd.	-	110,000,000
	A B Bank	-	110,000,000
	Janata Bank Ltd.	-	80,000,000
	Basic Bank Ltd.	100,000,000	170,000,000
		340,000,000	**570,000,000**
	Total inside Bangladesh(a+b+c+d)	**6,080,579,105**	**6,064,558,839**
10.2	**Outside Bangladesh**		
	Netherlands Development Finance Company (FMO)	-	31,333,333
	Triodos	-	-
		-	**31,333,333**
10.3	**Security against borrowings from other banks and financial institutions**		
	Secured	2,967,663,598	2,617,866,141
	Unsecured	3,112,915,507	3,478,026,031
		6,080,579,105	**6,095,892,172**

The aforesaid secured short term & long term loans (10.1 a) except Citi Bank NA & Standard Chartered Bank, loans from outside Bangladesh(10.2) and overdraft from Commercial Bank of Ceylon (CBC) and Pubali Bank Ltd are secured by first charge on company's all present and future movable and immovable assets including book debts ranking pari-passu security charges with other lenders of the company. Bank overdraft except overdraft from CBC and Pubali Bank Ltd are secured by FDR. Short-term loans (10.1 a) from Citi Bank NA and Standard Chartered Bank are secured by FDR.

AMARSTOCK

		31 December 2016 Taka	30 June 2016 Taka
10.4	**Maturity grouping of borrowings from other banks and financial institutions**		
	Payable on demand	340,000,000	570,000,000
	Up to 1 month	368,029,446	18,191,946
	Over 1 month but within 3 months	559,689,507	392,926,173
	Over 3 months but within 1 year	2,204,537,838	2,262,068,238
	Over 1 year but within 5 years	1,130,783,021	1,260,743,363
	Over 5 years	1,477,539,292	1,591,962,451
		6,080,579,105	**6,095,892,171**
11	**Deposits and other accounts**		
	Fixed deposits (Note: 11.1)	**34,393,955,116**	**28,727,974,768**
11.1	**Fixed deposits**		
	Balance as on 01 July	28,727,974,768	24,703,115,270
	Addition during the period/year	41,647,689,923	59,376,510,724
		70,375,664,691	84,079,625,994
	Repayment made during the period/year	35,981,709,575	55,351,651,226
	Closing balance	**34,393,955,116**	**28,727,974,768**
11.2	**Group-wise break-up of deposits and others accounts**		
	Government	-	-
	Bank	11,500,000,000	6,700,000,000
	Other institutions	10,282,462,265	9,501,853,574
	Individuals	12,611,492,851	12,526,121,194
		34,393,955,116	**28,727,974,768**
11.3	**Maturity analysis of deposits**		
	Payable on demand	-	-
	Up to 1 month	1,266,819,907	771,023,990
	Over 1 month but within 6 months	6,442,664,807	8,688,589,335
	Over 6 months but within 1 year	7,605,721,696	860,211,019
	Over 1 year but within 5 years	142,433,910	140,278,226
	Over 5 years but within 10 years	15,039,371,941	14,509,214,980
	Over 10 years	3,896,942,855	3,758,657,218
		34,393,955,116	**28,727,974,768**

		31 December 2016 Taka	30 June 2016 Taka
12	**Other liabilities**		
	Provision for loans & investment (Note: 12.1)	1,190,938,075	1,111,784,023
	Provision for income tax (Note: 12.2)	67,146,901	86,624,060
	Interest suspense (Note: 12.3)	46,305,240	42,314,134
	Other payables (Note:12.4)	1,101,368,183	1,011,175,384
		2,405,758,399	**2,251,897,601**
12.1	**Provision for loans and investment**		
	Balance as on July 1	1,111,784,023	1,053,538,105
	Provision written off	-	-
	Provision recovered for the year	-	-
	Provision charged for the year	79,154,052	58,245,918
	Provision recovered for the year	-	-
	Recoveries of amounts previously written off	-	-
	Closing balance	**1,190,938,075**	**1,111,784,023**
12.1.1	**General provision**		
	Balance as on July 1	335,180,568	292,892,146
	Charged during the period/year	22,645,872	42,288,422
	Closing balance	**357,826,440**	**335,180,568**
12.1.2	**Specific provision**		
	Balance as on July 1	746,108,149	702,579,518
	Provision written off	-	-
	Provision recovered during the period/year	-	-
	Provision charged for the period/year	55,977,091	43,528,631
	Provision no longer required written back.	-	-
	Recoveries of amounts previously written off	-	-
	Closing balance	**802,085,240**	**746,108,149**
12.1.3	**Provision on loans and advances**		
	General Provision charged during the period/year	22,645,872	42,288,422
	Specific Provision charged during the period/year	55,977,091	43,528,631
		78,622,963	**85,817,053**
12.1.4	**Provision for diminutions in the value of investments**		
	Balance as on July 1	30,495,306	58,066,441
	Provision during the period/year	531,089	(27,571,135)
	Closing balance	**31,026,395**	**30,495,306**

		31 December 2016 Taka	30 June 2016 Taka
12.2	**Provision for income tax including deferred tax**		
	Balance as on July 1	86,624,060	41,774,361
	Addition during the period/year (Current tax)	271,410,390	606,419,209
	Tax paid	(290,887,549)	(561,569,510)
		67,146,901	**86,624,060**
	Deferred tax liability	-	-
	Closing balance	**67,146,901**	**86,624,060**
12.3	**Interest suspense**		
	Balance as on July 1	42,314,134	39,621,245
	Interest suspended during the period/year	3,991,106	2,692,889
	Written off suspended interest during the period/year	-	-
	Closing balance	**46,305,240**	**42,314,134**
12.4	**Other payables**		
	Interest payable on deposit & loans	812,363,200	757,859,819
	Sundry creditors	126,646,512	88,455,059
	Unclaimed instruments	29,543,932	27,784,993
	Payable to clients	71,997,758	71,372,613
	Loan under litigation	3,989,600	2,750,600
	Privileged creditors	53,569,494	60,486,256
	Liability for expenses	3,257,688	2,466,044
		1,101,368,183	**1,011,175,384**
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
		2,000,000,000	**2,000,000,000**
13.2	**Issued, subscribed, called and paid -up capital**		
	Ordinary shares		
	116,049,375 Ordinary shares of Taka 10 each on 1st July (2015-16: 116,049,375 Ordinary shares Taka 10 each)	1,160,493,750	1,160,493,750
	5,802,468 ordinary shares of Tk 10 each issued as bonus share	58,024,680	-
		1,218,518,430	**1,160,493,750**

		31 December 2016	
		No. of shares	Taka
13.3	**Capital of the Company is held by the following shareholders**		
	Ordinary shares		
	Local shareholders:		
	BRAC	22,406,611	224,066,110
	Delta Life Insurance Company Ltd	21,479,325	214,793,250
	Green Delta Insurance Company Ltd	18,649,813	186,498,130
	General shareholders	17,946,954	179,469,540
		80,482,703	**804,827,030**
	Foreign shareholders:		
	HDFC Investments Ltd. (HIL), India	3,857,991	38,579,910
	International Finance Corporation	-	-
	General shareholders	37,511,149	375,111,490
		41,369,140	**413,691,400**
		121,851,843	**1,218,518,430**

		31 December 2016 Taka	30 June 2016 Taka
13.4	**Capital adequacy ratio - As per BASEL-II**		
	1. Tier-1 (Core Capital)		
1.1	Fully Paid-up Capital/Capital Deposited with BB	1,218,518,430	1,160,493,750
1.2	Statutory Reserve	1,035,283,149	969,121,267
1.3	Non-repayable Share premium account	55,000,000	55,000,000
1.4	General Reserve	858,040,000	808,040,000
1.5	Retained Earnings	224,571,098	416,096,377
1.6	Minority interest in Subsidiaries	-	-
1.7	Non-Cumulative irredeemable Preferences shares	-	-
1.8	Dividend Equalization Account	200,000,000	200,000,000
1.9	Others (if any item approved by Bangladesh Bank)	-	-
1.10	**Sub-Total (1.1 to 1.9)**	**3,591,412,677**	**3,608,751,394**
	Deductions from Tier-1 (Core Capital)		
1.11	Book value of Goodwill and value of any contingent assets which are shown as assets	-	-
1.12	Shortfall in provisions required against classified assets	-	-
1.13	Shortfall in provisions required against investment in shares	-	-
1.14	Remaining deficit on account of revaluation of investments in securities after netting off from any other surplus on the securities.	-	-
1.15	Any investment exceeding the approved limit.	-	-
1.16	Investments in subsidiaries which are not consolidated	-	-
1.17	Increase in equity capital resulting from a securitization exposure	-	-
1.18	Other (if any)	-	-
1.19	Sub Total (1.11-1.18)	-	-
1.20	**Total Eligible Tier-1 Capital (1.10-1.19)**	**3,591,412,677**	**3,608,751,394**

		31 December 2016 Taka	30 June 2016 Taka
	2 .Tier-2 (Supplementary Capital)		
2.1	General Provision (Unclassified loans up to specified limit + SMA + off Balance Sheet exposure)	265,707,411	233,848,234
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)	265,707,411	233,848,234
2.8	Applicable Deductions (if any)	-	-
2.9	**Total Eligible Tier-2 Capital (2.7-2.8)**	**265,707,411**	**233,848,234**
	Total capital	**3,857,120,088**	**3,842,599,628**
	Total risk weighted assets	24,415,985,610	21,750,496,888
	Required capital based on risk weighted assets(10%)	2,441,598,561	2,175,049,689
	Surplus	1,415,521,527	1,667,549,939
	Capital Adequacy Ratio:		
	On core capital	14.71%	16.59%
	On actual capital (against standard of minimum 10%)	15.80%	17.67%
	Supplementary Capital to risk weighted assets	1.09%	1.08%

14 Share premium account

Ordinary shares	55,000,000	55,000,000
	55,000,000	**55,000,000**

15 Statutory reserve

Balance as on July 1	969,121,267	811,924,646
Add: addition during the period/year (20% of profit after tax) Closing balance	66,161,882	157,196,621
	1,035,283,149	**969,121,267**

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

16 Other reserves

Contingency Reserve (Note 16.1)	850,000,000	800,000,000
General Reserve (Note 16.2)	8,000,000	8,000,000
Dividend equalization reserve (Note 16.3)	200,000,000	200,000,000
Capital redemption reserve	40,000	40,000
	1,058,040,000	**1,008,040,000**

An amount of Tk 40,000/- was transferred in 2013-14 out of profit to “Capital redemption reserve” in redeeming 400 no’s of preference share @ Tk 100 each as per section 154(1)(C) of Companies Act 1994.

		31 December 2016 Taka	30 June 2016 Taka
16.1	**Contingency reserve**		
	Balance as on July 1	800,000,000	600,000,000
	Add: addition during the period/year	50,000,000	200,000,000
	Closing balance	**850,000,000**	**800,000,000**
16.2	**General reserve**		
	Balance as on July 1	8,000,000	8,000,000
	Add: addition during the period/year	-	-
	Closing balance	**8,000,000**	**8,000,000**
16.3	**Dividend equalization reserve**		
	Balance as on July 1	200,000,000	173,500,000
	Add: addition during the period/year	-	26,500,000
	Closing balance	**200,000,000**	**200,000,000**
17	**Business commitments and contingencies**		
17.1	**Contingent liabilities**	16,739,437	16,739,437

The said amount claimed by the tax authority for the assessment year 2004-05 and 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	638,770,000	496,672,133
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.

		01 July 2016 to 31 December 2016 Taka	01 July 2015 to 30 June 2016 Taka
18	**Interest income**		
	Interest on loans	1,785,442,202	3,789,838,912
	Interest on placement with other banks & BB FX deposits	315,626,098	532,638,970
	Interest on short term investment	2,335,417	1,227,083
		2,103,403,717	**4,323,704,965**
19	**Interest on deposits and borrowing**		
	Interest on term loans	89,720,758	237,636,972
	Interest on deposits	1,155,410,855	2,301,218,101
	Interest on short-term borrowing	73,097,410	88,097,499
	Interest on overdraft	5,889,887	9,421,823
		1,324,118,910	**2,636,374,395**
20	**Income from investments**		
	Gain/(loss) on sale of marketable securities	1,985,736	(7,143,692)
	Dividend income	19,030,555	17,416,417
	Interest on Treasury Bond	30,093	38,689
		21,046,384	**10,311,414**
21	**Commission, exchange and brokerage**		
	Loan fees	48,074,260	85,960,530
	Other charges and fees	24,755,845	46,962,526
		72,830,105	**132,923,056**
22	**Other operating income**		
	Property service income	7,042,873	4,189,627
	Gain on sale of fixed assets	-	3,251,481
	Grant from IFC	-	2,317,500
	Miscellaneous income	4,488,236	10,611,895
		11,531,109	**20,370,503**
23	**Salary and allowances**	**131,253,554**	**262,046,454**

Salary and allowances include annual contribution of Tk. 3,884,203 to provident fund and Tk. 3,893,803 to gratuity fund.

24	**Rent, taxes, insurance, electricity etc**		
	Rent, rates & taxes	18,969,396	34,622,038
	Insurance	1,089,777	1,746,647
	Electricity	3,054,232	5,248,012
	Water	184,013	366,488
		23,297,417	**41,983,185**

		01 July 2016 to 31 December 2016 Taka	01 July 2015 to 30 June 2016 Taka
25	**Legal and professional expenses**		
	Law charges	869,369	1,031,583
	Other professional charges	483,000	485,500
		1,352,369	**1,517,083**
26	**Postage, stamps, telecommunication etc.**		
	Postage & courier service	379,431	1,098,674
	Stamp expenses	1,182,694	2,657,009
	Telephone & internet	1,527,066	2,872,438
		3,089,191	**6,628,121**
27	**Stationery, printing, advertisements etc.**		
	Printing	1,443,300	1,832,627
	Stationery	764,970	1,603,542
	Publicity and advertisement	4,939,716	7,627,742
		7,147,986	**11,063,911**
28	**Directors' fees and expenses**		
	Fees for attending meeting	344,000	422,000
	Incidental meeting expenses	82,254	897,084
		426,254	**1,319,084**
29	**Statutory annual audit fees (including VAT)**	201,250	301,875
		201,250	**301,875**
30	**Depreciation/Amortisation, repairs & maintenance**		
	Depreciation/Amortisation:		
	Freehold assets	8,977,292	17,013,638
	Intangible assets	301,425	263,419
		9,278,717	**17,277,057**
	Repairs & Maintenance:		
	Vehicle	549,772	1,759,601
	Office equipment & premises	2,449,349	5,719,726
	Computer hardware & software	2,174,361	4,182,221
		5,173,482	**11,661,548**
		14,452,199	**28,938,605**

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		01 July 2016 to 31 December 2016 Taka	01 July 2015 to 30 June 2016 Taka
31	**Other expenses**		
	Staff training & recruitment expense	1,288,903	733,528
	Office security	1,190,664	2,447,548
	Transportation, traveling & conveyance	7,266,772	13,288,295
	Canteen expense	1,050,831	3,037,991
	Business promotion & entertainment	349,194	856,794
	Car fuel	942,132	2,018,171
	Books and papers	40,717	78,091
	Bank charges	1,362,417	3,628,602
	Loss on sale of fixed assets	4,656	-
	Donation, subscription and Fees	868,705	2,979,093
	Public relation & AGM expense	343,518	464,433
	Outsource agency charges	171,250	2,169,110
	Brokerage	172,787	447,015
	Staff welfare expense	825,414	110,000
		15,877,960	**32,258,671**
32	**Retained earnings**		
	Balance as on July 01	416,096,377	361,958,020
	Add: Profit after tax for the year transferred from Profit & Loss Account	330,809,408	785,983,103
	Accumulated profit available for distribution	**746,905,785**	**1,147,941,123**
	Less: Appropriations		
	Transferred to statutory reserve	66,161,882	157,196,621
	Transferred to contingency reserve	50,000,000	200,000,000
	Transferred to dividend equalization reserve	-	26,500,000
	Issue of bonus shares for previous year	58,024,680	-
	Cash dividend paid for last year	348,148,125	348,148,125
		522,334,687	**731,844,746**
	Closing balance	**224,571,098**	**416,096,377**
33	**Earnings per share**		
	Profit after Tax	330,809,408	785,983,103
	Profit available for ordinary shareholders	**330,809,408**	**785,983,103**
	Number of shares outstanding for calculating basic EPS	**121,851,843**	**121,851,843**
	Basic earnings per share (Restated)	2.71	6.45
	Annualised Basic earnings per share	5.43	6.45

Earnings Per Share (EPS) for the year ended 30 June 2016 is being restated as 5% stock dividend was issued to the shareholder.

No diluted earnings 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

Proposed dividend:

The Board of Directors in its 92nd meeting held on April 12, 2017 has recommended cash dividend @15% i.e Taka 1.50 per ordinary share for the six months period ended 31 December 2016 for placement before the shareholders for approval at 21st AGM of the company.

35 Foreign currency inward/outward remittance

Name of the Organization	Currency	Particulars	Amount in FC	Amount in Tk.
FMO	BDT	Principal	-	31,333,333
FMO	BDT	Interest	-	1,143,231
Singapore Institute of Management	SGD	Membership & training fees	134	9,354
Europaeische Bausparkassenvereinigung	EUR	Training	1,350	121,306
HDFC	USD	Training	8,913	703,681

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	455,104
Green Delta Insurance Company Limited	Do	Insurance premium	634,673

37 Number of employees

During the year under audit, there were 189 (2015-2016: 172) employees employed for the full period and 37 (2015-2016: 49) 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 31 December 2016:

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	Vice Chairman	Green Delta Insurance Company Ltd.	Advisor
		Nascom (Pvt.) Ltd.	Managing Director
		United Hospital (Pvt) Ltd.	Director (Representing GDIC)
		Green Delta Securities Ltd.	Chairman
		Green Delta Capital Ltd.	Chairman
		GD Assist Ltd.	Chairman
Mr. A Z Mohammad Hossain	Director	Chandra Spinning Mills Ltd.	Managing Director
Ms. Mehreen Hassan, Bar-at-Law	Director	Nil	Nil
Mr. Swapan Kumar Sarkar, FCA	Director	Delta Life Insurance Company Ltd.	Consultant
		DLIC Securities Ltd.	Chairman
Ms. Adeeba Rahman, ACII- Life	Director	Delta Life Insurance Company Ltd.	Chief Executive Officer (Current Charge)
Dr. A M R Chowdhury	Director	BRAC	Vice Chairperson
Mr. M I Chowdhury	Independent Director	Social Development Foundation(SDF)	Chairman
		Rajdhani Mohila College	Chairman, Managing Committee
Dr. A K A Mubin	Independent Director	National Tea Company	Chairman
		Doer	Chairman
		National Credit Rating	Board Member

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	Vice Chairman	Member	MA
Mr. A Z Mohammad Hossain	Director	Member	L.L.B
Mr. Swapan Kumar Sarkar	Director	Member	FCA

During the period from July 2016 to December 2016, the audit committee of the Board conducted 3 (three) meetings.

Sl No	Meeting No	Meeting Date
1	35th	24-Jul-16
2	36th	1-Sep-16
3	37th	20-Nov-16

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 period's presentation.

Annexure-A

Schedule of Fixed assets and Intangible assets

Amount in Taka

Particulars	COST				DEPRECIATION / AMORTIZATION				Written down value as at 31 December 2016
	Balance as on 1 July 2016	Additions during the period/year	Disposals during the period/year	Balance as at 31 December 2016	Balance as on 1 July 2016	Charged for the period/year	Adjustment on disposals	Balance as at 31 December 2016	
Free hold assets:									
Furniture & fixtures	45,955,381	182,351	26,265	46,111,467	34,275,084	1,721,247	20,020	35,976,311	10,135,156
Equipment	56,884,997	4,031,720	433,972	60,482,745	43,293,865	2,680,275	433,961	45,540,179	14,942,566
Vehicles	36,777,629	-	-	36,777,629	13,028,066	3,191,811	-	16,219,877	20,557,752
Building	90,782,563	14,062,024	-	104,844,587	5,931,674	1,383,959	-	7,315,633	97,528,954
Land	12,092,849	-	-	12,092,849	-	-	-	-	12,092,849
	242,493,419	**18,276,095**	**460,237**	**260,309,277**	**96,528,689**	**8,977,292**	**453,981**	**105,052,000**	**155,257,277**
Intangible asset:									
Software	3,834,359	-	-	3,834,359	1,276,679	301,425	-	1,578,104	2,256,255
Total 2016	**246,327,778**	**18,276,095**	**460,237**	**264,143,636**	**97,805,368**	**9,278,717**	**453,981**	**106,630,104**	**157,513,532**
Total 2015-16	**208,886,574**	**50,217,665**	**12,776,461**	**246,327,778**	**92,930,518**	**17,277,057**	**12,402,207**	**97,805,368**	**148,522,410**

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Shareholder's Note Sheet

AMAR STOCK

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
E-mail: dbh@deltabrac.com
Web: www.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 **21st Annual General Meeting** of the Company to be held on **May 23, 2017 (Tuesday)** and any adjournment thereof.

Signed this ..... day of ..... 2017.

Signature .....

Name .....

Member

Folio/BO ID No. .....

Revenue Stamp

Signature .....

Name .....

Proxy

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
E-mail: dbh@deltabrac.com
Web: www.deltabrac.com

Attendance Slip

I/We hereby record my/our attendance at the **21st Annual General Meeting of Delta Brac Housing Finance Corporation Limited** on **May 23, 2017 (Tuesday)** at 10.30 a.m. at the "Gressho – ABC" Hall of Six Seasons Hotel, House- 19, Road- 96, 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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