

Annual Report 2019

ANNUAL REPORT 2019

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www.nationalhousingbd.com



National Housing Finance and Investments Limited

নাশনাল হাসিং



A HOMAGE TO LATIFUR RAHMAN

Mr. Latifur Rahman, former chairman of National Housing Finance and Investments Ltd. died on 1st of July, 2020. While we bemoan his death, we have the following words in an attempt to describe him and pay respect to him:

He was born with a silver spoon in mouth, but before long, the spoon fell on the ground leaving him and his family in deep despair and drifting. The assault failed to bend him; he was rather the sort the following lines from English poet Robert Frost's poem "Stopping by Woods on a Snowy Evening" best pronounce: "The woods are lovely, dark and deep/But I have promises to keep/And miles to go before I sleep/And miles to go before I sleep."

With intellect, wisdom and his sweat; and a long haul of jobs done over a period of about four decades, he built an empire of business namely, Transcom Group constituted of finest of commercially productive institutions, supplying the people of Bangladesh with world class goods and services on one hand, and on the other, providing livelihood for so many of his fellow countrymen.

Surprisingly, when he pursued business operations purely for profit, the world saw peace being cultivated by a farmer with his ethics, moral code, integrity, honesty and a sense of responsibility to the nation he humbly belonged to.

On October, 2000, at the funeral of Pierre Trudeau, former Prime Minister of Canada, Justin Trudeau, the incumbent Prime Minister and the eldest son of Pierre rephrased the last stanza of Frost's said poem and offered eulogy to his deceased father. Our homage to late Mr. Latifur Rahman cannot but best be presented by borrowing from him (Justin): "The woods are lovely, dark and deep/He has kept his promises and earned his sleep."

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Letter of Transmittal

Date: July 23, 2020

The Shareholders
Bangladesh Bank
Bangladesh Securities and Exchange Commission
Registrar of Joint Stock Companies & Firms
Dhaka Stock Exchange Limited
Chittagong Stock Exchange Limited

Subject: Annual Report for the year ended December 31, 2019

Dear Sir/Madam,

We are pleased to enclose herewith, a copy of the Annual Report 2019 containing Directors' Report and Auditor's Report along with the Audited Financial Statements for the year ended December 31, 2019 with notes therein of National Housing Finance and Investments Limited for your kind information and record.

Thanking you.

Sincerely Yours,

(Md. Sarwar Kamal FCS)
Company Secretary

National Housing Finance and Investments Limited

Registered Office: National Plaza (7th Floor) 109, Bir Uttam C.R. Datta Road, Dhaka-1205

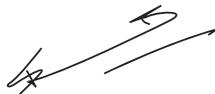
Notice of the 21st Annual General Meeting (Virtual Shareholder Meeting)

Notice is hereby given that the 21st Annual General Meeting (AGM) of National Housing Finance and Investments Limited will be held on September 20, 2020 at 12:00 noon (Dhaka time). The AGM will be held virtually by using digital platform through the following link: www.digitalagmbd.net/NHFIL21AGM to transact the following business:

Agenda

1. To receive, consider and adopt the audited financial statements of the Company for the year ended December 31, 2019 together with reports of the Directors and Auditors thereon.
2. Declaration of dividend for the year ended December 31, 2019.
3. To elect/re-elect Directors in accordance with the relevant provisions of the Articles of Association of the Company and to confirm the appointment of Independent Director.
4. (a) To appoint Auditors and fix their remuneration for the year 2020.
(b) To appoint Compliance Auditor as per Corporate Governance Code-2018 for the year 2020.

By order of the Board



(Md. Sarwar Kamal FCS)
Company Secretary

Dated: July 23, 2020

Notes:

- i) Members, whose names appeared on the Depository/Members Register as on "Record Date" i.e. August 18, 2020 are eligible to attend and vote at the Annual General Meeting (AGM) and also receive dividend.
- ii) Pursuant to the Bangladesh Securities and Exchange Commission's Order No. SEC/SRMIC/94-231/25 dated 08 July 2020, the AGM will be virtual meeting of the Members, which will be conducted via live webcast by using digital platform.
- iii) The Members will be able to submit their questions/comments and vote electronically 24 hours before commencement of the AGM and during the AGM. For logging in to the system, the Members need to put their 16-digit Beneficial Owner (BO) ID number and other credential as proof of their identity by visiting the link: www.digitalagmbd.net/NHFIL21AGM
- iv) We encourage the Members to log in to the system prior to the meeting start time of 12.00 noon (Dhaka time) on September 20, 2020. Please allow ample time to login and establish your connectivity. The webcast will start at 12:00 noon (Dhaka Time). Please contact 01911874308 for any technical difficulties in accessing the virtual meeting.
- v) A shareholder may, as per Article 98 of the Articles of Association of the Company, appoint Proxy to attend and on a poll, to vote instead of him/her. The instrument appointing a proxy and the Power of Attorney, where applicable, must be sent through email to Registered Office at share@nationalhousingbd.com at least 72 hours before the time of holding the meeting. The Proxy Form must be affixed with revenue stamps of Tk. 20.00.
- vi) Members are requested to notify e-mail address, through their respective Depository Participants well in time.
- vii) The members whose BO Accounts are not furnished with 12 digits e-TIN number before the Record Date, disbursement of his/her dividend will be subject to deduction of Advance Income Tax (AIT) 15% instead of 10% (for individual) as per Section 54 of the amended Income Tax Ordinance, 1984.
- viii) Pursuant to the clause 9(1) of the BSEC notification No. BSEC/CMRRC/2006-158/208/Admin/81 dated 20th June, 2018, the soft copy of Annual Report 2019 will be sent through e-mail as per registered e-mail ID received from CDBL. The soft copy of the Annual Report 2019 will also be available on the company's website at: www.nationalhousingbd.com

Corporate Information & Key Milestones

Registered Name	: National Housing Finance and Investments Limited
Legal Form	: Public Limited Company under Companies Act, 1994
Incorporated on	: August 18, 1998
Registration Number	: C-36097(397)/98
Authorized Capital	: BDT 2,000 Million
Paid-up Capital	: BDT 1,170.31 Million
Certificate of Commencement	: August 18, 1998
Date of Bangladesh Bank License	: December 29, 1998
First Mortgage Loan	: June 16, 1999
Opening of Motijheel Branch	: August 18, 2001
First Lease Finance	: February 22, 2004
Opening of Chattogram Branch	: April 06, 2004
Opening of Gulshan Branch	: June 01, 2004
Date of Listing:-	
Chittagong Stock Exchange	: November 11, 2008
Dhaka Stock Exchange	: December 23, 2008
Opening of Bogura Branch	: April 19, 2009
Opening of Rangpur Branch	: October 16, 2014
Opening of Principal Branch	: March 22, 2016
Opening of Gazipur Branch	: December 01, 2018
Opening of Feni Branch	: December 21, 2019
Opening of Rajshahi Branch	: December 28, 2019

Corporate Head Office:

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Tel: +88 02 967 0612-4, +88 02 967 7181-2, +88 02 966 9800, Fax: +88 02 967 1016

Web: www.nationalhousingbd.com

E-mail: info@nationalhousingbd.com

Auditors:

Syful Shamsul Alam & Co.
Chartered Accountants
Paramount Heights (Level 6), 65/2/1 Box Culvert Road, Purana Paltan,
Dhaka-1000, Bangladesh

Corporate Governance Compliance Auditor

SA Rashid & Associates
Chartered Secretary in Practice
Noakhali Tower (12th Floor, 13-D), 55/B Purana Paltan, Dhaka-1000

Legal Advisor:

Barrister Masudur Rahman (Masudur Rahman & Associates)
Barrister Monzur Alam Khan (Legal Professional)
Barrister Nuruzzaman (Capital Law Chamber)
Advocate Abdul Quddus (Law and Remedy)

Membership:

Bangladesh Leasing & Finance Companies Association (BLFCA)
Metropolitan Chamber of Commerce & Industry (MCCI)
International Chamber of Commerce- Bangladesh (ICC- Bangladesh)
Bangladesh Association of Publicly Listed Companies (BAPLC)

Our Vision

Become the role-model financial institution with a keen sense of Corporate Social Responsibility through maintaining the highest standards of business ethics. In doing so, the Company would add value to the wealth of the customers, employees, shareholders and society as a whole.

Our Goal

Build up excellent client relationship and long-term value to the shareholders.

Our Core Values

- ▶ Protect national interest and be part of national growth and prosperity.
- ▶ Create good leaders rather than typed managers.
- ▶ Give high priority on honoring trust, fairness, confidentiality, rules and regulations, objectivity, transparency, integrity and corporate, individual and social responsibility.
- ▶ Always keep pace with state of the art technology and innovative ideas.

Our Mission

Be equal Housing Lender to all, irrespective of caste, creed and sex. Provide quality services with care and sophisticated technology. Create innovative products to cater to the requirement of the competitive market.

Our Objectives

- ▶ Maximize shareholders' value through development of stringent investment strategy and control procedures.
- ▶ Create balanced portfolio in Potential sectors for enhancement of corporate strength.
- ▶ Provide diversified products and uninterrupted services to the valued clients.
- ▶ Pursue ways to reduce cost and apply extremely vigilant terms monitor to risks and to operate most efficiently.
- ▶ Maintain highest standards of transparency and strengthen good corporate governance practices.



Code of Conduct and Ethical Principles

- ▶ Maintain strict professional integrity, proficiency, decency and self esteem with the customers and related parties.
- ▶ Comply with all applicable laws, rules and regulations.
- ▶ National Housing is always straightforward in disclosing and resolving conflict of interest.
- ▶ Maintain stringent confidentiality of customer's information unless otherwise directed by competent regulatory authority.
- ▶ Courtesy and cooperation to the client is our manifesto. Encourage employees to act in a professional and ethical manner so as to create a good impression of National Housing and its employees. Trustworthy commitment to customers to build long-term relationship.
- ▶ Apply professional judgment and high quality care in all cases.
- ▶ Apply own corporate policies and appropriate technical and professional standards for rendering services to the client.
- ▶ Encourage and act against falsification, dishonesty, fraud, trickery and forgery.
- ▶ Uphold the Company's good name and integrity.



Corporate Social Responsibility

The business and economic environments have undergone dramatic changes all over the world. Escalations of poverty and climate changes have become great hurdles for economic growth of the world. Considering these, the concept of Corporate Social Responsibility (CSR) is the demand of the current era. CSR has become a concept that frequently overlaps similar approaches, such as corporate sustainability, corporate sustainable development and corporate responsibility.

To meet CSR, the sponsors of National Housing Finance and Investments Limited formed a Public Limited Company under the Companies Act, 1994 and licensed by Bangladesh Bank under the Financial Institutions Act, 1993 to meet the most important basic need of housing of urban people. National Housing Finance is a socially responsible organization and always keen to promote the interest of customers, employees, shareholders and communities as a whole. National Housing Finance has upheld its CSR in the following ways:

- ▶ National Housing Finance has provided 7,676 Home Mortgage Loans over the years at comparatively low interest rate on reasonable terms and for long durations.
- ▶ A good number of clients got waiver of interest due to their inability to pay the loan because of permanent disability or through death, furthermore, their loans are reschedule for reasonable durations with installments commensurate with their ability to pay their loans.
- ▶ National Housing is always strict on principle about not providing any lease/loan facilities for any environmentally hazardous or child labor oriented Company.



Products & Services

Home Mortgage Loan

- ▶ Purchase of apartment or house
- ▶ Self construction of own house
- ▶ Group Home loan
- ▶ NRB Home financing scheme
- ▶ Renovation of existing house/apartment
- ▶ Housing plots purchase
- ▶ Commercial space and chamber of professionals
- ▶ Any purpose mortgage loan

Project Mortgage Loan

- ▶ Project mortgage loan for property development

Lease Finance

- ▶ Acquisition of industrial machineries, equipments, generators, power plants etc.
- ▶ Car purchase
- ▶ Medical/Hospital equipments

SME Finance

- ▶ Agro based processing industrial loan
- ▶ Women Entrepreneur Loan
- ▶ Cluster financing

Deposit Schemes with Attractive Return

- ▶ Term Deposit Account
- ▶ Money Multiplier Scheme
- ▶ Mohila Savings Scheme
- ▶ Kotipoti Scheme
- ▶ Housing Deposit Scheme
- ▶ Education Pension Scheme
- ▶ Income Account
- ▶ Monthly Savings Scheme (MSS)
- ▶ Millionaire Savings Account

Our Departments

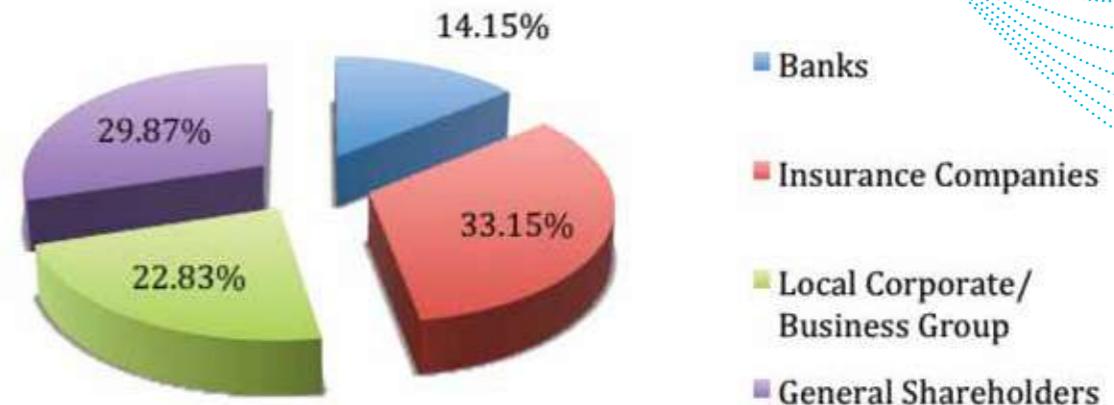




Bankers

- ▶ Agrani Bank Limited
- ▶ Bank Asia Limited
- ▶ Commercial Bank of Ceylon PLC
- ▶ Dhaka Bank Limited
- ▶ Dutch Bangla Bank Limited
- ▶ Eastern Bank Limited
- ▶ EXIM Bank Limited
- ▶ Islami Bank Bangladesh Limited
- ▶ Jamuna Bank Limited
- ▶ Mercantile Bank Limited
- ▶ Mutual Trust Bank Limited
- ▶ NCC Bank Limited
- ▶ NRB Bank Limited
- ▶ One Bank Limited
- ▶ Pubali Bank Limited
- ▶ Shahjalal Islami Bank Limited
- ▶ Standard Chartered Bank
- ▶ Sonali Bank Limited
- ▶ Southeast Bank Limited
- ▶ The Premier Bank Limited
- ▶ Trust Bank Limited
- ▶ Woori Bank Limited

Shareholding Structure



Our Promoters



Director's Profile



Mr. Mahbubur Rahman

Acting Chairman
National Housing Finance and Investments Limited

Mr. MAHBUBUR RAHMAN, President, International Chamber of Commerce (ICC) – Bangladesh, The world business organization which was established in 1919 having its HQs in Paris, and presence in more than 100 countries with 45 million Corporate Members and over 1 billion workers worldwide.

Mr. Rahman is the Chairman & CEO of Etbl Holdings Limited (Estd. 1962)- a conglomerate of 7 (Seven) wholly owned commercial & industrial affiliates and stake holders of 4 (Four) PLCs. He is the Founder Chairman of Eastland Insurance Co. Ltd.(plc) (Estd. 1986), Bangladesh International Arbitration Centre (BIAC) – The Institution for Alternative Dispute Resolution (2004) and International Publications Limited (Publishers of The Financial Express – The National English Financial Daily, (1993).

Mr. Rahman is the Founding Member and Former Chairman of Business Advisory Council (EBAC) of UN-ESCAP (United Nations Economic & Social Commission for Asia & the Pacific) during 2017-18.

He is the Sole Arbitrator in Bangladesh for The China International Economic and Trade Arbitration Commission (CIETAC) ; Co-Chair of the Steering Board of 2030 Water Resource Group of World Bank; Vice Chairman of Bangladesh Foreign Trade Institute (BFTI), Member of the Board of Governors of Institute of Business Administration (IBA) of the University of Dhaka, Founder Member of the Independent University Bangladesh (IUB) and a Director in the Board of Karnaphuli Fertilizer Co. Ltd. (KAFCO)- a multinational company comprising Bangladesh, Japan, Denmark & The Netherlands.

Mr. Rahman was the President of the Federation of Bangladesh Chambers of Commerce & Industry (FBCCI) -- The Apex National Chamber of Bangladesh (1992-1994), The Dhaka Chamber of Commerce & Industry (DCCI) -- The premier Chamber of the country (1985-86 and 1991-92), Founder Vice President (1993-95) of 8-Nation SAARC Chamber of Commerce and Vice President (West Asia) of 57-nation Islamic Chamber of Commerce in 1993-95.

During 1972-79, Mr. Rahman represented Government of Sri Lanka in Bangladesh before Colombo setup its Diplomatic Mission in Dhaka. He was a Sponsor Director and Chairman of National Bank Limited (plc), (Estd. 1983) Former Board Member of BIMAN-Bangladesh Airlines (National Carrier of Bangladesh), The Dhaka Stock Exchange Ltd. and Member of the Board of Governors of Bangladesh Open University (BOU). He was a Member of the Board of ICC HQs. during 1997-99.

Mr. Rahman was awarded The Lifetime Achievement Award in 2012, by the "DHL-The Daily Star" sponsored most prestigious 'Bangladesh Business Award'.

Mr. Rahman was honoured and awarded as Presidential Friend of Indonesia in 2012 at its 67th Independence Day in Jakarta by the President His Excellency Mr. Susilo Bambang Yodyono of Indonesia.

Mr. Rahman has been honoured by The Daily Star as an Eminent Personality for Lifetime Contribution to Nation-Building, in 2016.

He organized several International Business & Economic Events in Dhaka attended by Heads of Governments as well as Multi-lateral Agencies & led many Trade & Investment Delegations to a number of overseas destinations, including Leading a few Business Delegations as entourages of the Honorable President/Prime Minister of Bangladesh.



Syed M. Altaf Hussain

Director
Representing Pragati Insurance Ltd.

Syed M. Altaf Hussain is the Chairman of Pragati Insurance Ltd., has had a long and distinguished career in the fields of food grains, crop nutrition, business development, high-rise building development, technology, business operations and financial institutions with over 36 years of experience. He is a sponsor director and notably the founding chairman of Pragati Life Insurance Ltd.

As Chairman and CEO of WW Grains Corp. representing Cargill Inc., USA, he pioneered large-scale trading of food grains and fertilizer commodities. Through his work, he has spent considerable time traveling internationally and had the opportunity to attain an Engineering degree from the University of Texas, Arlington as well as successfully completed Grain Marketing & Agronomical courses from North Dakota State University and Harvard Business School. Additionally, he holds the Chairman title in the following businesses: Sonic Allied Industries Ltd., WW Properties Ltd. and the editorial board of 'The Daily Janata'. He is also Co-Chairman of Jamuna Resort Ltd. and was former Chief Advisor of ATDP-II projects funded by the USAID. Several social, governmental and educational institutions at home and abroad have acknowledged his agro-based expertise.



Mr. Akhtar Ahmed

Director

Representing Reliance Insurance Co. Ltd.

After completing B.A. (Honors) and M.A. from Dhaka University in 1970, Mr. Akhtar Ahmed joined Eastern Federal Union Insurance Company, the largest insurance company in the then Pakistan, as an Executive Officer. Following the nationalization of insurance industry in Bangladesh in 1972, his services were absorbed in Sadharan Bima Corporation.

In 1981 he joined Asian Reinsurance Corporation and served there in various Managerial position till 1989. In 1989 he joined Arab Insurance Group, the largest insurance organization of the Middle East and served for 14 years in various positions as Chief Manager, Regional General Manager and Chief Executive of its Far East operations, based in Hong Kong and Kuala Lumpur.

Mr. Ahmed returned back home in 2003 and served as Managing Director of Sadharan Bima Corporation till February 2004. In 2005 he completed an assignment as Consultant to KPMG, Abu Dhabi, on a project for setting up a large reinsurance company in the Middle East. Now Mr. Ahmed is Advisor of Reliance Insurance Ltd.

Mr. Ahmed is an Associate of Chartered Insurance Institute, UK.



Mr. Md. Kabir Reza FCMA

Director

Representing Square Pharmaceuticals Ltd.

Md. Kabir Reza FCMA, Director and Chairman Executive Committee, is the group Executive Director of Square Pharmaceuticals Ltd. He is a Fellow member of Institute of Cost and Management Accountant. He obtained B.Com (Hons) and M. Com. from Rajshahi University. A man of strong personality and unbendable principle, his long business and private service career are decorated with unmatched success.

Mr. Reza started his career with Rafkhat Group of companies as an Assistant Manager (Accounts) from 1991 to 1993. Then he took the responsibility of chief accountant of Bangladesh Engineering & Technological Services limited during the period from 1993 to 1995. At the height of his professional career, he became the executive director of Accounts and Finance of Square Pharmaceuticals Limited.



Mr. Muminul Haque Chowdhury

Director

Representing Borak Travels (Pvt.) Limited

Mr. Muminul Haque Chowdhury holds an M.S. in Economics from University of Darmstadt of New York. He also holds a Post Graduate Diploma in Energy Management from the State University of New York. His area of specialization includes Business Administration, Negotiation, Financial and Economic Analysis, Monitoring and overall Management. Mr. Chowdhury is also an Advisor of Unique Group of Companies Limited. He has actively participated in many professional seminars at home and abroad.



Mr. Azmal Hossain

Director

Representing Eastern Insurance Co. Ltd.

Mr. Azmal Hossain, Director of National Housing Finance and Investments Limited and Vice Chairman of Eastern Insurance Co. Ltd. He is also the Managing Director of Hashem Paper Mills Ltd. He has been involved in manufacturing of electric goods, paper, housing beside insurance.



Dr. Toufic Ahmad Choudhury
Independent Director

Dr. Toufic Ahmad Choudhury is an Independent Director and Chairman, Audit Committee of the Company. He is the former Director General (DG) of Bangladesh Institute of Bank Management (BIBM). He served as the elected General Secretary of Bangladesh Economic Association (BEA) for the consecutive two terms during 2010-2014. Dr. Toufic is serving as member of Governing Body of Palli Karma-Sahayak Foundation (PKSF) and Board Member of Institute for Inclusive Finance and Development (InM). He is also a member of general body of Dhaka School of Economics and a Member of Banking Committee of International Chamber of Commerce, Bangladesh (ICCB). Dr. Toufic, a 1979 economics graduate of Jahangirnagar University, obtained his PhD from Himachal Pradesh University, Shimla, India under Indian commonwealth scholarship. He has more than fifty publications on various issues of financial market published in national and international journals. Now he also teaches as part time faculty in various universities including Dhaka university.



Mr. Abdul-Muyeed Chowdhury
Independent Director

Mr. Abdul-Muyeed Chowdhury has been appointed as an Independent Director of the Company on 30th January 2020. He is a retired CSP and Ex- Advisor to the Care Taker Government of Bangladesh. He is a member of the Board of Advanced Chemical Industries Limited. He was the ED of BRAC from 2000 to 2006. Prior to that, he spent more than three decades in the Civil Service of Bangladesh and was the Secretary to the Government from 1994 to 2000 holding charge of various ministries. He served as the Chairman of NBR, Managing Director of Biman Bangladesh Airlines and Executive Director of Jamuna Multipurpose Bridge Authority, President of National Shooting Federation of Bangladesh, Chairman of SME Foundation and Vice President of Bangladesh Olympic Association. He was the Chairperson of BRACNet Limited. Currently, he is serving as the CEO of Tiger Tours Limited. Besides, he is a Director of ACI Formulation Ltd, MJL Bangladesh Ltd., Omera Petroleum Ltd, Omera Fuels Ltd, Omera Cylinders Ltd, Omera Chemicals Ltd, Summit Alliance Port Ltd, PEB Steel Alliance Ltd and Tiger Tours Limited. He is also a member of the Governing Body of BRAC University, Sajida Foundation and Bangladesh Youth Enterprise Advice and Help Center (B'Yeah).

Mr. Chowdhury obtained his Bachelor of Arts with honors in History and Masters of Arts (1st Class) from Dhaka University. He also attended Certificate of Participation in an acceptable program of special study in Political Science, Public Administration in the University of Tennessee, Knoxville.



Mr. Md. Khalilur Rahman

Managing Director

Mr. Md. Khalilur Rahman joined as Managing Director of National Housing Finance and Investments Ltd. (NHFIL) in February 2015. Prior to join as Managing Director he was Additional Managing Director of NHFIL from October 2013. He is a member of Executive Committee and immediate past Chairman of Bangladesh Leasing and Finance Companies Association (BLFCA).

Mr. Rahman has more than 39 years' experience in various Banks & NBFIs at home and abroad. He started his career with Bangladesh Shilpa Bank (currently BDBL) as Senior Officer (Financial Analyst) in the year 1979. He also worked with IFIC Bank as Senior AVP, Southeast Bank as VP, IIDFC as AMD and BIFC as MD. He has been successfully discharging his assignments while posted at various capacities of his career at home and abroad. He is also the immediate past President of 'Rotary Club of Dhaka Buriganga'. He is the treasurer of MBA Association and Member of Executive Committee of IBA Alumni Association. He is also associated with various professional associations.

Mr. Rahman completed his MBA from IBA, University of Dhaka.

Various Committees

Board Committee

Executive Committee

SL	Name	Designation	Committee Status
1	Mr. Md. Kabir Reza, FCMA	Director	Chairman
2	Syed M. Altaf Hussain	Director	Member
3	Mr. Muminul Haque Chowdhury	Director	Member
4	Dr. Toufic Ahmad Choudhury	Independent Director	Member
5	Mr. Md. Khalilur Rahman	Managing Director	Ex-officio member
6	Mr. Md. Sarwar Kamal, FCS	VP & Company Secretary	Member Secretary

Audit Committee

SL	Name	Designation	Committee Status
1	Dr. Toufic Ahmad Choudhury	Independent Director	Chairman
2	Mr. Md. Kabir Reza, FCMA	Director	Member
3	Mr. Akhtar Ahmed	Director	Member
4	Mr. Azmal Hossain	Director	Member
5	Mr. Md. Khalilur Rahman	Managing Director	Ex-officio member
6	Mr. Md. Sarwar Kamal, FCS	VP & Company Secretary	Member Secretary

Management Committee

Management Committee (MANCOM)

SL	Name	Designation	Committee Status
1	Mr. Md. Khalilur Rahman	Managing Director	Chairman
2	Mr. S. M. Anisuzzaman	Deputy Managing Director	Member
3	Mr. Shital Chandra Saha	SVP & Head of Operation	Member
4	Mr. Sayed Ahmed, FCMA	VP & Chief Financial Officer	Member
5	Mr. Mahbubur Rashid Al-Amin	VP & Head of Principal Branch	Member
6	Mr. Md. Sarwar Kamal, FCS	VP & Company Secretary	Member Secretary

Asset Liability Management Committee (ALCO)

SL	Name	Designation	Committee Status
1	Mr. Md. Khalilur Rahman	Managing Director	Chairman
2	Mr. S. M. Anisuzzaman	Deputy Managing Director	Member
3	Mr. Shital Chandra Saha	SVP & Head of Operation	Member
4	Mr. Sayed Ahmed, FCMA	VP & Chief Financial Officer	Member
5	Mr. Md. Sarwar Kamal, FCS	VP & Company Secretary	Member
6	Mr. Mahbubur Rashid Al-Amin	VP & Head of Principal Branch	Member
7	Mr. Syed Sharif Ahmed Sumon	Deputy Manager	Member
8	Mr. Ismail Hossain Mazumder	Manager & Head of Treasury	Member Secretary

Credit Committee

SL	Name	Designation	Committee Status
1	Mr. S. M. Anisuzzaman	Deputy Managing Director	Chairman
2	Mr. Shital Chandra Saha	SVP & Head of Operation	Member
3	Mr. Sayed Ahmed, FCMA	VP & Chief Financial Officer	Member
4	Mr. Md. Sarwar Kamal, FCS	VP & Company Secretary	Member
5	Ms. Maria Farhat	Officer	Member Secretary

Sustainable Finance Unit

SL	Name	Designation	Committee Status
1	Mr. Shital Chandra Saha	SVP & Head of Operation	Unit Head
2	Mr. Md. Sarwar Kamal, FCS	VP & Company Secretary	Member
3	Mr. Md. Ali Tareque	FAVP & Head of IT	Member
4	Mr. Prabir Shel	Manager & Head of ICCD	Member
5	Mr. Md. Junayed Abedin	Deputy Manager	Focal Point Official
6	Mr. Jayed Hosen Manik	Assistant Manager & Head of SME	Member
7	Mr. Md. Al-Amin	Assistant Manager	Fallback Person

Sustainable Finance Committee

SL	Name	Designation	Committee Status
1	Mr. S. M. Anisuzzaman	Deputy Managing Director	Chairman
2	Mr. Shital Chandra Saha	SVP & Head of Operation	Member
3	Mr. Md. Abdul Baten	VP & Head of Recovery	Member
4	Mr. Sayed Ahmed, FCMA	VP & Chief Financial Officer	Member
5	Mr. Md. Sarwar Kamal, FCS	VP & Company Secretary	Member
6	Mr. Md. Ali Tareque	FAVP & Head of IT	Member
7	Mr. Prabir Shel	Manager & Head of ICCD	Member
8	Mr. Jayed Hosen Manik	Assistant Manager & Head of SME	Member Secretary

Risk Management Forum (RMF)

SL	Name	Designation	Committee Status
1	Mr. S. M. Anisuzzaman	Deputy Managing Director	Chief Risk Officer (CRO)
2	Mr. Shital Chandra Saha	SVP & Head of Operation	Member
3	Mr. Sayed Ahmed, FCMA	VP & Chief Financial Officer	Member
4	Mr. Md. Ali Tareque	FAVP & Head of IT	Member
5	Mr. Ismail Hossain Mazumder	Manager & Head of Treasury	Member
6	Mr. Prabir Shel	Manager & Head of ICCD	Member
7	Mr. Jayed Hosen Manik	Assistant Manager & Head of SME	Member

Risk Analysis Unit (RAU)

SL	Name	Designation	Committee Status
1	Mr. Md. Sarwar Kamal, FCS	VP & Company Secretary	Member
2	Mr. Md. Mezanur Rahman	FAVP	Member
3	Mr. Md. Anower Hossain	Manager	Member
4	Mr. Md. Waliul Islam Chowdhury	Assistant Manager	Member
5	Mr. Md. Hamim Mia	Assistant Manager	Member Secretary

Customer Service and Complaints Management (CSCM) Cell

SL	Name	Designation	Committee Status
1	Mr. Md. Sarwar Kamal, FCS	VP & Company Secretary	Head of CSCM Cell
2	Mr. Prabir Shel	Manager & Head of ICCD	Member
3	Mr. Jayed Hosen Manik	Assistant Manager & Head of SME	Member
4	Mr. Md. Hafez Ahmed	Officer	Member
5	Ms. Homayra Ashrafi	Officer	Member

Women Entrepreneur Development Unit (WEDU)

SL	Name	Designation	Committee Status
1.	Mr. Jayed Hosen Manik	Assistant Manager	Head of WEDU
2.	Ms. Homayra Ashrafi	Officer	Member, Women Entrepreneur Help Desk
3.	Ms. Umme Hamida Akter	Assistant Officer	Member, Women Entrepreneur Dedicated Desk

Management Team



Managing Director
Md. Khalilur Rahman

Senior Vice President
Shital Chandra Saha

Vice President
Md. Nazrul Islam
Md. Abdul Baten
Sayed Ahmed, FCMA
Abu Naser Md. Ahad Sarkar
Md. Sarwar Kamal FCS
Mahbubur Rashid Al-Amin

Assistant Vice President
Md. Mahbubur Rahman

First Assistant Vice President
Md. Jahedul Islam
Md. Mezanur Rahman
Md. Ali Tareque
Md. Mozaharul Islam

Manager
Israt Jahan
Sharmin Zahan
A. M. Enayet Karim
Nayan Malakar
Md. Mashirul Rahman
Dilip Chandra Roy
Md. Ismail Hossain Mazumder
Md. Anower Hossain
Md. Azizur Rahman
Prabir Shel
Reza Karim Md. Khaled
Md. Ilious Zaved

Deputy Manager
Purna Chandra Deb Sharma
Masbha Uddin
Rumana Amin
Tanvir Ahmed
Md. Abu Faysal Rony
H. M. Mashirul Rahaman
Abdullah Al Kafi
Md. Moyachan Ali (Chand)
Syed Sahrif Ahmed Sumon
Md. Junayed Abedin
Suraiya Yeasmin
Md. Alimul Islam
Ibrahim Khalil
Sheikh Farid

Mohammad Mazharul Islam ACS
Robiul Haque
Adnan Imtiaz
Iffat Ruhan
Marufur Rahman
Md. Mustafizur Rahaman
Md. Saiful Islam

Assistant Manager
Kh. Sayful Islam Rana
Tania Afrose
Abu Jafar Md. Abdullah
K. M. Iftekhar Hossain
A. Q. M. Ambia Touhid
Md. Al-Amin
Afifa Khanom
Md. Abu Bakar Shiddik
Nayeem Farhan
Al Mamun Shiblu
Noor-ul-Muhaimen Talukder
Anamica Das
Nafisa Tasnim Samantha
Sharmin Jahan Shawn
Md. Badiuzzaman Sarker Masum
Walid Hassan
Jayed Hosen Manik
Md. Waliul Islam Chowdhury
Md. Hamim Mia
Md. Majharul Alam
Bijoy Kumar Saha
Md. Zakariya Mohayman
Awlia Akter
Brinta Ghosh
Suvra Saha

Chief Financial Officer
Sayed Ahmed, FCMA

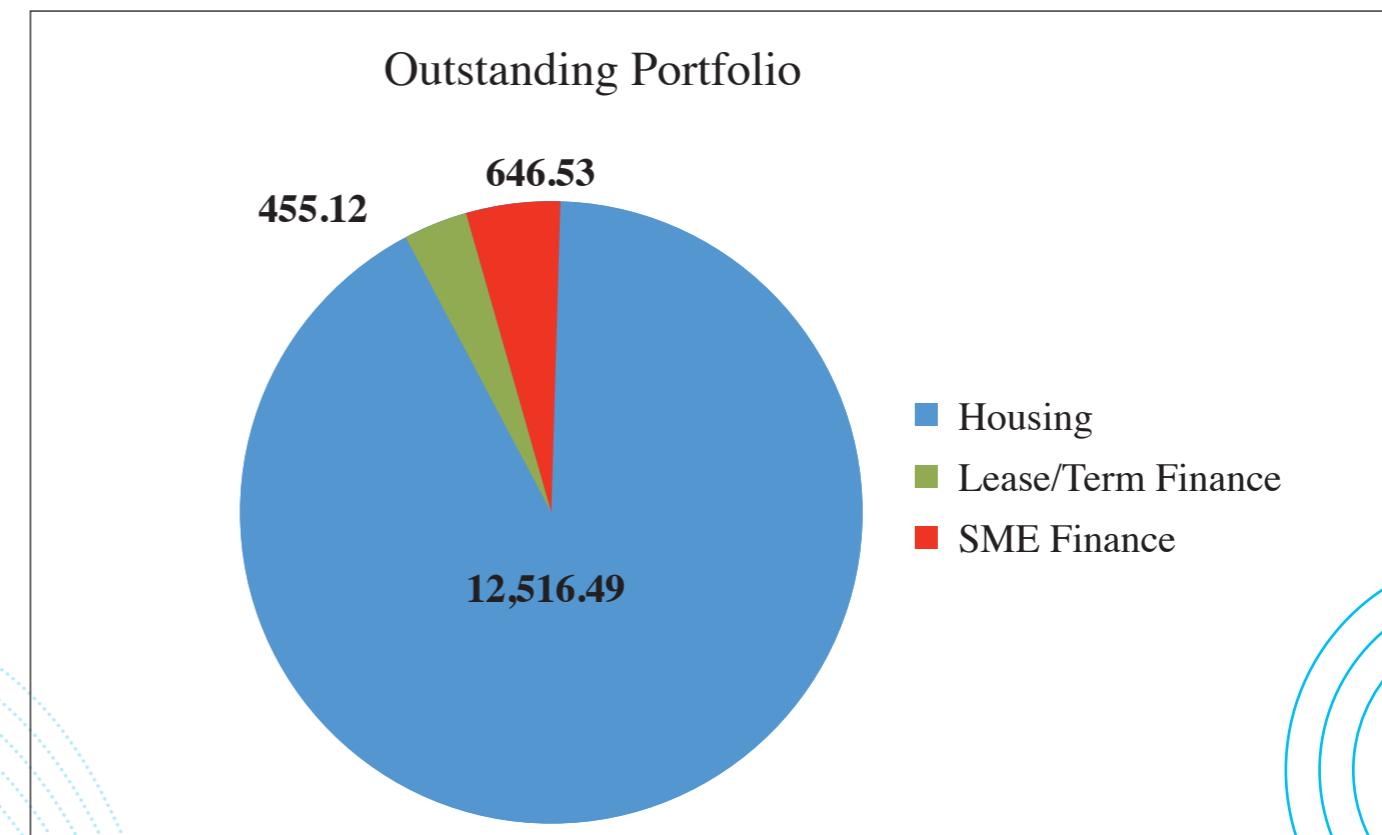
Company Secretary
Md. Sarwar Kamal FCS

Branch In-Charge
Mahbubur Rashid Al-Amin
Md. Mahbubur Rahman
Md. Nazrul Islam
Abu Naser Md. Ahad Sarkar
Md. Mozaharul Islam
Md. Jahedul Islam
A. M. Enayet Karim
Md. Ilious Zaved
Md. Saiful Islam

Outstanding Portfolio

(Figures in million BDT)

Particulars	Amount	(%)
Housing	12,516.49	91.91%
Lease/Term Finance	455.12	3.34%
SME Finance	646.53	4.75%
Total Outstanding Portfolio	13,618.14	



Financial Highlights

Business Environment and Its Likely Impact on the Financial Performance of NHFIL

These statements involve uncertainties and actual achievements may differ from plans and expectations due to changes in the business environment. Following are some major factors that may affect the business environment:

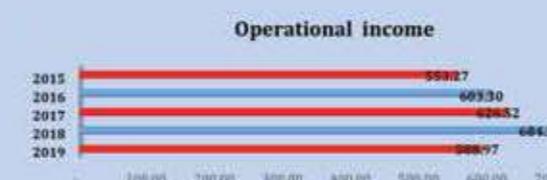
- Change in the country's general economic conditions.
- Changes in commodity price levels.
- Further volatility in interest rates.
- Changes in government policies
- Changes in Monetary policies of the Bangladesh Bank.
 - Increase in provisioning requirements.
 - Increase in statutory liquidity reserves and cash reserve requirements by the Bangladesh Bank.
 - Change in the Bangladesh Bank's re-financing scheme.

Key Operating and Financial Highlights

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

Particulars	2019	2018	2017	2016	2015
Operational Highlights					
Housing loan sanction	3,936.25	4,401.60	3,593.48	3,597.41	2,769.70
Lease, Term and SME loans sanction	2.00	151.60	573.20	354.10	372.15
Housing loan disbursed	2,540.13	3,021.22	2,174.44	2,856.04	2,299.52
Lease, Term and SME loans disbursed	86.88	228.72	519.56	454.64	403.01
Cumulative housing loan disbursed	20,372.90	17,832.78	14,811.55	12,637.11	9,781.07
Cumulative lease, Term and SME loans disbursed	8,023.15	7,936.27	7,707.55	7,187.99	6,733.35
Cumulative housing loan sanction	24,259.27	20,323.02	15,921.42	12,327.94	8,730.54
Cumulative lease, Term and SME loans sanction	8,142.20	8,140.20	7,988.60	7,415.40	7,061.30
Financial Highlights					
Operational income	588.97	684.22	626.52	603.30	553.27
Operational expenses	195.68	170.47	152.13	132.18	100.59
Financial expenses	1,486.02	1,344.11	814.69	625.43	517.58
Administrative Expenses	164.37	143.79	126.74	111.02	88.49
Profit before tax	390.62	447.59	428.52	417.82	399.56
Provision for taxes	153.82	171.82	173.37	174.05	168.60
Net profit after tax	236.81	275.77	255.15	243.77	230.96
Shareholders' fund	1,892.13	1,774.23	1,700.60	1,636.96	1,574.06
Total deposit	1,324.55	16,149.00	11,668.16	8,477.63	5,551.86
Total borrowing	1,629.48	1,760.75	1,720.84	1,009.95	879.03
Total loan portfolio	13,618.14	12,493.86	10,377.43	9,042.05	7,393.31
Total balance sheet size	18,239.70	20,980.85	16,163.20	12,250.39	8,824.10
NPL ratio (%)	5.16%	4.21%	5.06%	4.95%	5.61%
Financial ratios					
Earnings per share (Re-stated)	2.02	2.36	2.18	2.08	1.97
Dividend per share	10.00%	20.00%	19.00%	18.00%	17.00%
Net asset value per share	16.17	15.16	15.98	15.39	14.79
Financial expenses coverage (times)	1.26	1.33	1.58	1.75	1.77
Profit margin (before tax)	18.83%	22.07%	29.73%	34.00%	37.31%
Profit margin (after tax)	11.41%	13.60%	17.70%	19.84%	21.57%
Return on equity	12.96%	15.60%	15.29%	15.18%	15.01%
Debt equity ratio	8.40	10.62	8.32	6.30	4.47

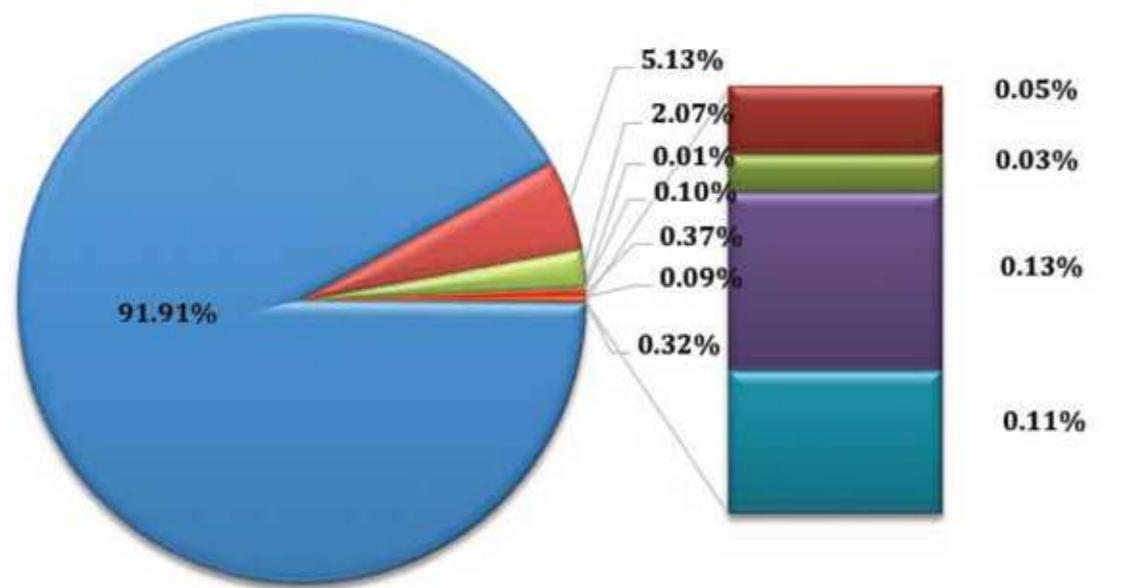
* Dividend in 2018 is 10.00% cash and 10.00% stock



Sectoral Portfolio(%)

Real Estate and Housing	91.91%
Others	5.13%
Agriculture & Chemicals	2.07%
RMG	0.01%
Paper, Printing and Packaging	0.10%
Iron, Steel and Engineering	0.37%
Textile	0.09%
Food and Allied Products	0.05%
Transport & Communication	0.03%
Electronics and Electrical Products	0.13%
Ship Manufacturing Industry	0.11%
	100.00%

Sectoral Portfolio(%)

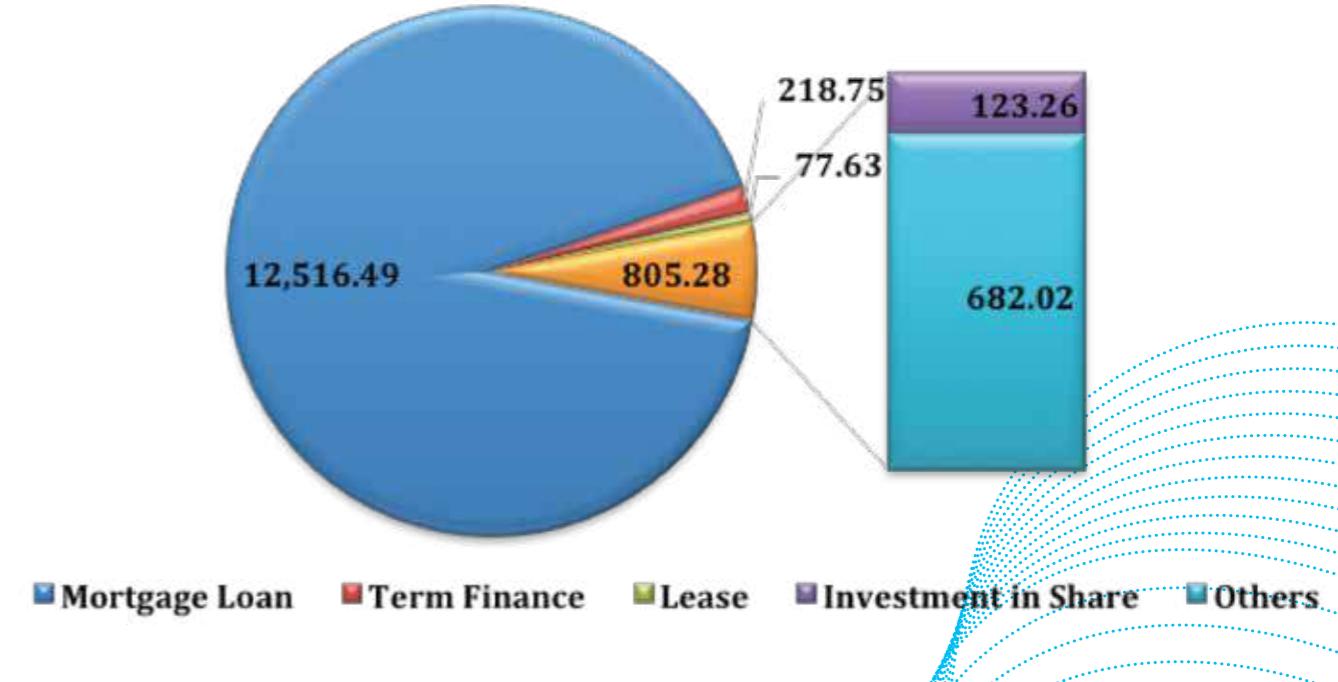


- Real Estate and Housing
- Agriculture & Chemicals
- Paper, Printing and Packaging
- Textile
- Transport & Communication
- Ship Manufacturing Industry
- Others
- RMG
- Iron, Steel and Engineering
- Food and Allied Products
- Electronics and Electrical Products

Portfolio Mix

Portfolio Mix	Amount BDT in million
Mortgage Loan	12,516.49
Term Finance	218.75
Lease	77.63
Investment in Share	123.26
Others	682.02
Total Portfolio	13,618.14

Portfolio Mix



Value Added Statement

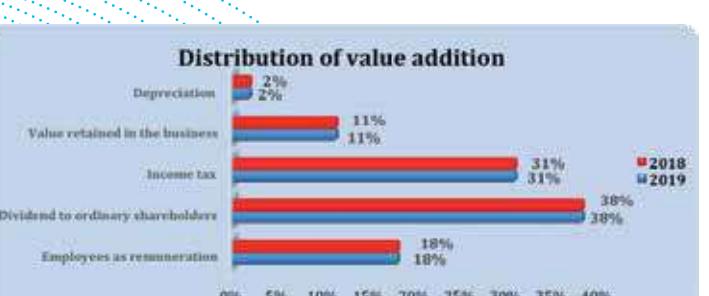
For the year ended December 31, 2019

The value added statement represents the value created by National Housing Finance and Investments Limited through operational activities and shows how it was distributed among major stakeholders of the Company (Shareholders, Government & Employees) to meet various obligations and reward those responsibilities for its creation. A portion of added value has also been retained in the company for future investment and expansion of NHFIL.

Figures in BDT

Particulars	31-Dec-19		31-Dec-18	
	Amount	%	Amount	%
Value added				
Net interest income	565,821,955	106.01%	651,551,557	116.69%
Fees earned	6,500	0.00%	57,500	0.01%
Investment income	4,397,834	0.82%	7,643,076	1.37%
Other income	18,743,844	3.51%	24,971,263	4.47%
Operating expenses excluding staff cost and depreciation	(52,577,054)	-9.85%	(59,715,597)	-10.69%
Provision for loan, advances & investments	(2,664,847)	-0.50%	(66,155,808)	-11.85%
Total value added by the company	533,728,231	100%	558,351,991	100%
Distribution of value addition				
Employees as remuneration	127,685,283	23.92%	100,397,298	17.98%
Dividend to ordinary shareholders	117,031,200	21.93%	212,784,000	38.11%
Income tax	153,815,321	28.82%	171,822,035	30.77%
	398,531,804	74.67%	485,003,333	86.86%
Retained for expansion and future growth				
Value retained in the business	119,776,327	22.44%	62,987,500	11.28%
Depreciation	15,420,100	2.89%	10,361,159	1.86%
Amount distributed	533,728,231	100%	558,351,991	100%
Number of employees at the end of the year	196		181	
Value created per employee (BDT)	2,723,103		3,084,818	
Number of shares	117,031,200		106,392,000	
Value created per share (BDT)	4.56		5.25	
Value created per share (BDT) (Restated)	4.56		4.77	

Particulars	Distribution of value addition	
	2019	2018
Employees as remuneration	18%	18%
Dividend to ordinary shareholders	38%	38%
Income tax	31%	31%
Value retained in the business	11%	11%
Depreciation	2%	2%



Economic Value Added (EVA) Statement

For the year ended December 31, 2019

Economic value added is value-based financial performance measures which reflects the absolute amount of shareholders' value created or destroyed during each year. It provides a measurement of a company's economic success or failure over a period of time. Such a yardstick is useful to investors who wish to place confidence with the company to retain their fund for better earnings as compared to other similar companies or similar industry. Economic value added is calculated by taking a company's net operating profit after tax subtracting from it cost of average equity.

EVA has been calculated by the following formula:

$$\text{EVA} = \text{Net operating profit after tax} - (\text{Capital employed} \times \text{Cost of equity})$$

NOPAT

NOPAT is the net operating profit after tax which is calculated by deducting the income tax expense from operating profit.

Figures in BDT

Particulars	31-Dec-19	31-Dec-18
	Amount	Amount
Net operating profit	393,287,695	513,749,342
Provision for taxes	153,815,321	171,822,035
Net operating profit after tax (NOPAT)	239,472,374	341,927,308

Charges for capital

Capital employed	2,084,420,742	1,953,000,332
Cost of equity (%)	10.97%	7.45%
Capital charge	228,660,955	145,498,525
Economic value added	10,811,419	196,428,783
Number of shares	117,031,200	106,392,000
Economic Value Added Per Share	0.09	1.85
Economic Value Added Per Share (Restated)	0.09	1.68

Cost of equity

Cost of equity reflects shareholders' expected return. Eventually this is the opportunity cost for shareholders for investing their funds in the company. Interest on 5 (five) years Government Treasury Bond plus a standard risk premium has been assumed to be the cost of equity.

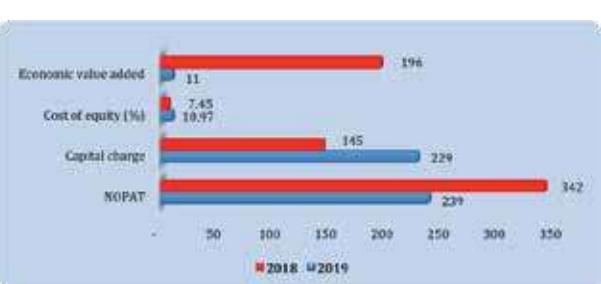
Interest rate on 5 (five) years Government Treasury Bond on December 31	8.97%	5.45%
Standard Risk Premium	2.00%	2.00%
Cost of equity	10.97%	7.45%

Capital employed as on December 31

Shareholder's equity	1,892,129,727	1,774,230,847
Accumulated provision for doubtful accounts and future losses	272,777,135	229,703,774
Total capital employed	2,164,906,862	2,003,934,621
Average capital employed	2,084,420,742	1,953,000,332

Figures in Million BDT

Particulars	31-Dec-19	31-Dec-18
	Amount	Amount
NOPAT	239	342
Capital charge	229	145
Cost of equity (%)	10.97	7.45
Economic value added	11	196



Market Value Added (MVA) Statement

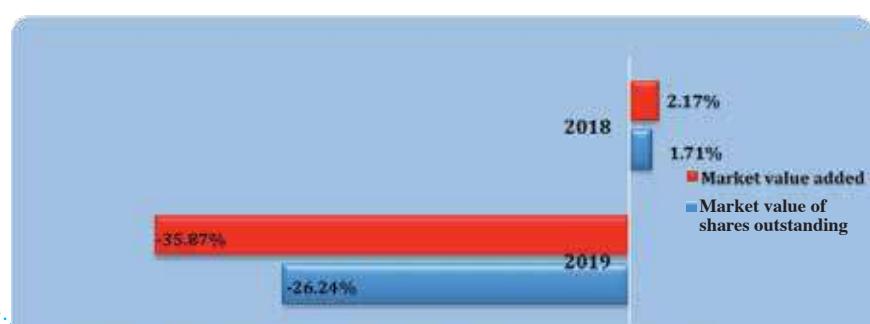
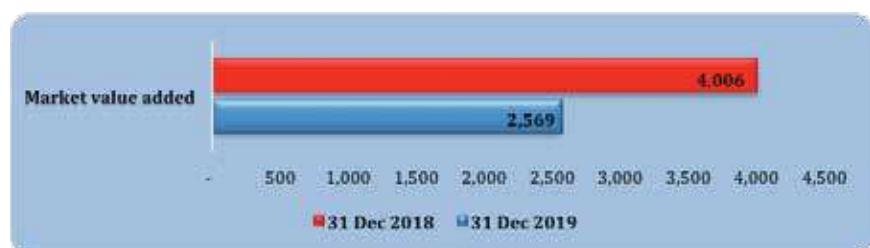
For the year ended December 31, 2019

Market Value Added represents the confidence that the market places on the future stream of EVAs. 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. The following statement shows how MVA has been arrived at for the year ended December 31, 2019 and 2018.

Figures in BDT

Particulars	31-Dec-19	31-Dec-18
	Amount	Amount
Market value of shares outstanding	3,739,146,840	5,069,578,800
Book value of share outstanding	1,170,312,000	1,063,920,000
Market value added	2,568,834,840	4,005,658,800



Treasury at National Housing Finance

Assuring Liquidity, Ensuring Profitability

Overview

Treasury Division established itself as a key profit generating unit through diversified investments in money market and thus making a significant contribution to revenue. Treasury performs a pivotal role in many activities beyond day-to-day fund management. It is responsible for developing and maintaining relationships with various financial intermediaries. The department ensures the efficient functioning of following areas:

1. Funding and Capital Management :

- Business growth monitoring and Capital Planning
- Conducting the ALCO meeting on a monthly basis and highlight the major changes in liquidity and interest rate risk
- Liquidity profile, Interest rate and gap analysis

2. Funding and Liquidity Management

Effective liquidity management is to ensure that we can meet regular customer loan requests, customer deposit maturities/ early encashment and other commitments efficiently under both normal operating conditions and stressed situations. We have undertaken an extensive review of liquidity risk management through structural liquidity analysis to measure and manage liquidity risk within a broader time span. It is calculated showing maturing liabilities as cash outflows and maturing assets as cash inflows under corresponding time buckets to find the gap under various time buckets. We continuously analyse and monitor our liquidity risk, maintain required liquidity and access diverse funding sources including our stable deposit base. Beside day-to- day fund management, NHFIL's liquidity position is reviewed regularly to keep our focus on ensuring adherence to prudential limits set by the Bangladesh Bank or Board.

3. Cost of Funds (CoF) Management

Market interest rate was in upward trend throughout the year 2019 due to liquidity crisis in the banking and NBFI sector. Moreover, the liquidation news of Peoples Leasing and Financial Services Ltd. (a Non Bank Financial Institution) hampers images of NBFI industry. Consequently, Money Market operations of NBFI were confined with other Banks. Despite of having image crisis about NBFI, National Housing Finance and Investments Ltd. (NHFIL) ensures the smooth transactions in money market through its prudent fund management system. Moreover, NHFIL collected remarkable "Core Deposit" at competitive rate of interest.

4. Asset Liability Management (ALM) at NHFIL

Asset Liability Management involves evaluating, monitoring and managing key balance sheet risks. We have an approved policy guideline on Asset Liability Management (ALM) to best address the key balance sheet issues and risk. The Asset Liability Management Committee (ALCO), comprising of senior management of NHFIL, has the main responsibility of ensuring an effective ALM system to manage balance sheet risks.

The ALCO assumes the responsibility of

- Reviewing and formulating pricing strategies for both the deposit products and asset products.
- Ensuring systematic management process for tracking the balance sheet risks in a timely manner.
- Reviewing and managing potential liquidity risks and interest rate risks proactively which may arise from market movements, regulatory changes and/or changes in economic/ political environment.
- Ensuring compliance with the regulations of the Bangladesh Bank with respect to the statutory obligations involved within the parameters of balance sheet risks.

5. Base Rate System

"To promote transparency in product pricing and encourage healthy competition in the economy, Bangladesh Bank has enhanced its policy support with the inclusion of Base Rate System. It captures all the elements of lending rates that are common across all categories of borrowers. Consolidating the monthly data of the FIs, Bangladesh Bank prepares and publishes a monthly weighted average Cost of Fund Index (CoFI) on its website. It serves as a reference rate for pricing

variable interest rate loan products. However, the actual lending rates charged to the borrowers is the Base Rate plus borrower-specific charges, which include product-specific operating costs, risk premium and tenor premium. In compliance with the "Guidelines on the Base Rate System for Non-Bank Financial Institutions" issued by Bangladesh Bank (DFIM Circular No.-6) on August 20, 2013, we reviews the Base rate on a monthly basis which is approved by the Asset Liability Management Committee (ALCO) and is reviewed by the Board on quarterly basis. The Base rate of NHFIL is exhibited on the website for being transparent in the pricing of floating rate lending products. The monthly base rates of National Housing Finance Limited for the year 2019 are as shown below:

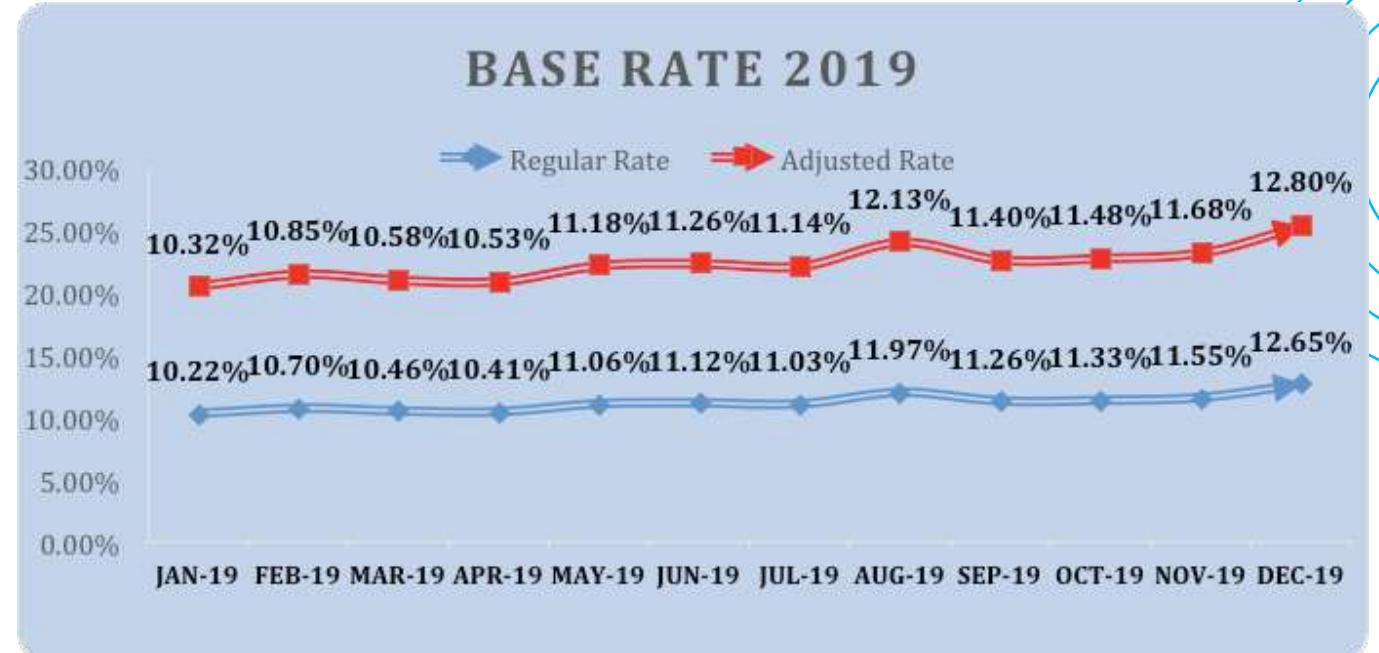
Our Treasury vision

Macro-economic factors such as changing regulations, business dynamics and cost pressures have led to the emergence of key themes and trends in the near future for the treasury function:

- **Funding:** Formulating a long-term funding plan with improved models.
- **Liquidity management:** Developing 'best-in-class' liquidity capabilities such as high-quality stress testing and contingency plans.
- **Capital management:** Creating an optimal capital structure that maximises equity returns while meeting the requirements of regulators and markets.
- **Asset Liability Management (ALM):** Establishing a robust ALM procedure which will enable an effective monitoring of key ALM ratios in a prudent way.

National Housing Finance and Investments Limited

Base Rate Analysis for the year 2019



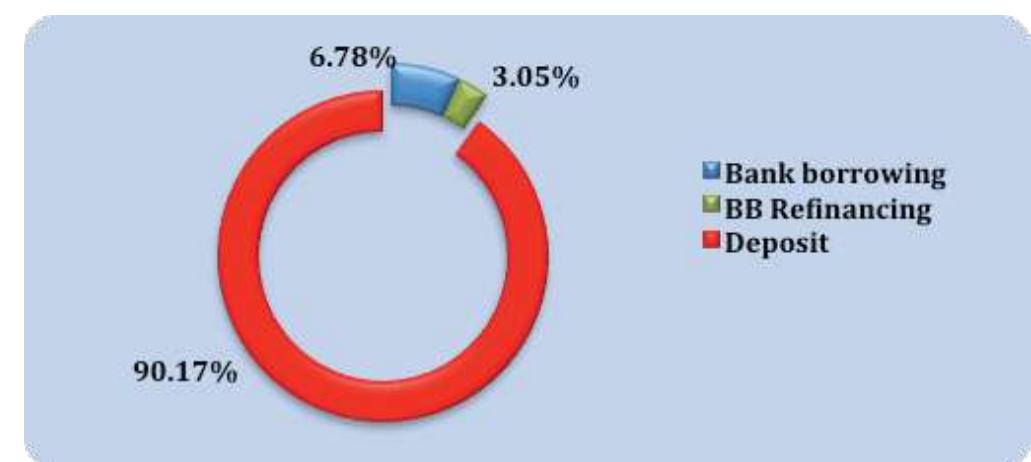
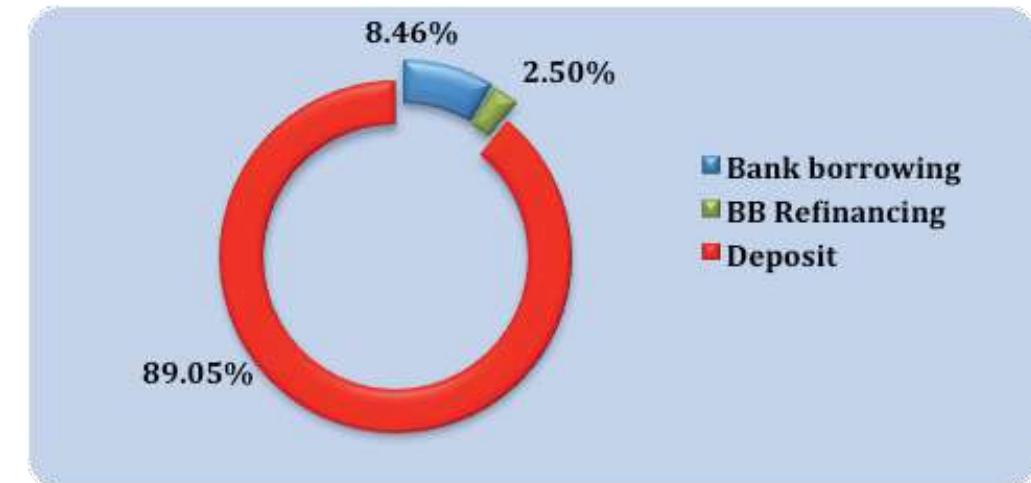
Managing our cost of funds (CoF)

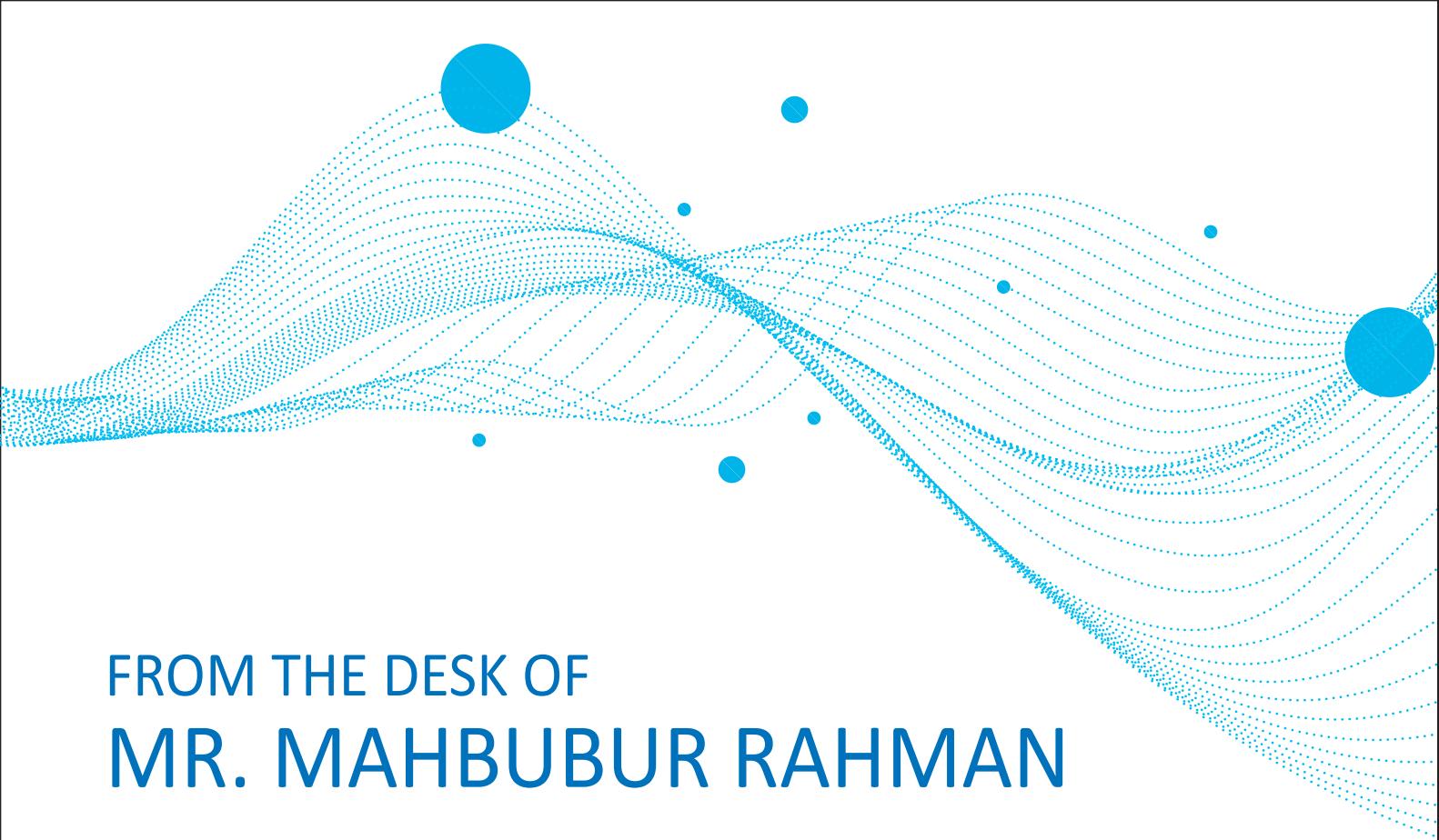
For the year ended December 31, 2019

Despite assuming inherent shortcomings of not offering and savings accounts to clients on account of our status

Particulars	December 31, 2019	%	December 31, 2018	%
Bank borrowing	1,258,301,619	8.46%	1,214,561,286	6.78%
BB Refinancing	371,175,293	2.50%	546,193,125	3.05%
Deposit	13,245,549,740	89.05%	16,148,998,406	90.17%
	14,875,026,652		17,909,752,817	

Figures in BDT





FROM THE DESK OF MR. MAHBUBUR RAHMAN



Dear Shareholders,

I am delighted to present before you, the annual report for your company's performance for FY2019. It also gives me immense pleasure to welcome you all at the 21st annual general meeting of National Housing. In view of the present Corona Virus pandemic all over the world, we had nothing but to arrange for the meeting through the virtual platform to maintain social distance and avoid health hazards for all of us.

According to the IMF, global growth this year recorded its weakest pace since the global financial crisis a decade ago. Rising trade barriers and associated uncertainty weighed on business sentiment and activity globally. With the economic environment becoming more uncertain, firms turned cautious on long-range spending and global purchases of machinery and equipment decelerated. Household demand for durable goods also weakened. This caused negative growth in our exports and imports.

No major setback was suffered by Bangladesh economy during 2019 on a sustained basis. This may be attributed to the limited degree of globalization effected by Bangladesh economy till now. But some headwind stemmed from slowed-down export and import growth due to shrinking global economic growth. As such the purchased power of the people of Bangladesh is slightly affected. In spite of that our goal at National Housing is to facilitate easy ownership of housing across various income groups of the country.

Given this inordinate economic and business outgrowth, your company not only succeeded in retaining business, but increased its volume to Tk. 13,618 million during 2019, an increase of 9% over that of 2018. However, the NPL element corroded the prospects of higher profits and suppressed net profits to Tk. 236.81 million in 2019 from Tk. 275.72 million in 2018.

Before the COVID-19 pandemic the economy of Bangladesh maintained a constant growth. However, the pandemic has emerged as a greater challenge for the economy of the country. It will take some time to get back into normal situation. What is encouraging at National Housing is we deal in home loans that entails a perennial demand from the society where housing facilities are desperately insufficient and the demand continues to rise fueled by intensified urbanization, which is the lone alternative for an overpopulated country like Bangladesh. This phenomenon, I think, guarantees business for you regardless of the conditions of the economy. Strong commitments and hard work of our workforce surely reinforces this prospect and I, as your representative, wish to rely on their potential for a bright future.

Considering the overall position of the Company, the Board has been pleased to recommend 10% cash Dividend to the shareholders for the year 2019.

In spite of slightly sluggish world economy I wish to put on record our satisfaction and recognition of the prudent services provided by the employees of all strata of National Housing Finance and Investments Limited which is the core of our management strength.

I sincerely wish our legion comprising you, the directors, shareholders and the employees will continue to hold each other's hand in times ahead and work in concert so our mutual interests are realized to the brim.

To conclude, I wish you all peace of mind in good health, prosperity and success in the years ahead.

Thank you,



Mahbubur Rahman
Acting Chairman

FROM THE DESK OF MR. MD. KHALILUR RAHMAN



Respected Shareholders

Assalamu Alaikum,

I most warmly welcome you all to the 21st Annual General Meeting of National Housing Finance and Investments Limited, today, the 20th of September, 2020. An Annual General Meeting is the principal gathering of the owners of a public limited company that works hand-in-and with the general investors and other institutional equity holders. It provides opportunities for the office-bearers, the shareholders and the directors to share information and views and chalk-out the course of actions for the year that follows. That makes an AGM an august event demanding an austere approach to put forth relevant and authentic information to the real owners of any company so they can analyze the facts and figures and then construct the organization's policies and strategies in concert. That in mind, every effort has been made to prepare this annual report to contain accurate, appropriate and transparent information and data in order that the objectives of the meeting are met in full.

You are aware that bar a few areas, the economy of the country faltered throughout the past year. The entire banking and non-bank financial institutions sector was mired by default-loans. That had a sagging effect on the profitability and stability of the sector with grim impacts on the macro economy. Wide scale corruption in other sectors of development also hit the economy. On the global stage, weakened trade and commerce marked the year, further worsened by nonstop sinking of crude oil prices all through the year. Consequently, the global GDP growth dipped to 3.0% in 2019 compared to 3.6% in the year 2018.

But, thanks to our core business operations successfully executed by our functionaries, your company fared reasonably well in the year 2019 in terms of volume of business. The investment portfolio during the period reached to Tk.13,618 million representing an increase of 9% over that of the previous year. But, the operating income during the period fell to Tk.588.97 million representing a decrease of 13.92% upon that of the year 2018. As a result, the Earnings per Share (EPS) stood at 2.02 in 2019 as against 2.36 in 2018. The decrease in operating income and EPS is a mirror image of the malady that ravaged the financial sector as a whole in the year. However, the increment in the volume of our business acted as a safeguard against any loss when many a banks and non-bank financial institutions drooped down under the weight of default loans, loan classification provisions, shrunken business and a resultant dwindling of brand, or organizational image.

We placed greater emphasis on home loans as our core product in the year 2019 instead of industrial finance and other forms of commercial funding. That rescued us from being caught in the financial ills that shattered many institutions during tumultuous 2019. Under the policy prescriptions of the dexterous members of our board, we will hold this strategy of taking advantage of the ever buoyant home loan market as our chief agenda in the coming years. A simultaneous exploration of other avenues for deployment of funds for augmenting incomes shall continue. Additionally, the company will incessantly engage in observation and analysis of the changes in the business and financial atmosphere of the country and adjust strategies accordingly. And recovery of NPL, strengthening of risk management capacities and tools, and locating new fields of business shall no doubt delineate the greater slice of our actions in days to come.

To conclude, I humbly pay deep respect to our deceased Chairman, Mr. Latifur Rahman and seek Allah's mercy for him. I like to convey my thanks and profound gratitude to the Acting Chairman and the Directors of the Board for their unceasing blessings and guidance in the pursuit of our jobs. I also convey my sincere appreciation to all officers and staff for their hard work and belongingness to the company – they constitute the real assets of NHFIL upon which rests its success. I express my gratitude to Bangladesh Bank, RJSC, BSEC, DSE, CSE, CDBL, our Auditors, customers and all our well-wishers for their full cooperation and support.

Thank you so very much.

Md. Khalilur Rahman
Managing Director

DIRECTORS' REPORT



DEAR SHAREHOLDERS

The Board of Directors of National Housing Finance and Investments Limited takes the pleasure to welcome you to the 21st Annual General Meeting of the Company. On behalf of the Board of Directors, I hereby present the Directors' Report and Audited Financial Statements of your Company for the year ended December 31, 2019, together with the Auditors' Report thereon.

The Directors' Report has been prepared in compliance with section 184 of the Companies Act 1994, Corporate Governance Code of BSEC dated 3 June, 2018, the Listing Regulation of DSE & CSE, Guideline of Bangladesh Bank and other applicable Rules and Regulations. As per BSEC's Corporate Governance Code a separate report titled 'Report on Corporate Governance' is furnished which may be treated as part of this Directors' Report.

You are aware that the Chairman of your company, Mr. Latifur Rahman passed away on 1st of July, 2020 due to chronic lung complication. He was a rare and exemplary personality in the business world. He was born to an industrial family and started a fabulous life with professional assignments in family business in the then Pakistan, full of dreams, works and accomplishments. But, a screen of disappointment covered paths ahead as the family jute mills was nationalized in 1972 after liberation of the country. All of a sudden, the entire family lost its powerhouse, the family face an uncertain future. The young Mr. Latifur Rahman stood as a vanguard in the forlorn darkness, and in a short span of time he got the family stand again on its own feet.

Like a commander in a widespread war, he opened new entrepreneurial fronts one after another and established over a period of about 4 decades, a mighty business empire with world class business enterprises. He in his productive efforts, acted as a lighthouse for enterprising people of the country and helped the nation build a strong foothold in the areas of manufacturing, trade and services and thereby profusely contributed to the economic growth of the country. And economic development regenerated into peace for the people of Bangladesh which was recognized and validated by the Business for Peace Foundation of Oslo, Finland, in decorating him with the Oslo Business for Peace Award 2012.

Remarkably, all his achievements came following a path of honesty, transparency, integrity, sincerity and above all by virtue of a democratic way of pursuit – investing in people, sanctioning liberty to people, teaming up with people and living together with people. He did never lose trust in people, he forever permitted them liberty and a perpetual nod allowing them employ their potential, their worth, their vision in framing and executing business objectives, strategies and goals. And people never failed him, and that constituted the success of Mr. Rahman.

Mr. Latifur Rahman chaired your company for a long time from 2009 to 2019; that period turned into a golden chapter in the history of your company in terms of constant growth in business and structural adjustments clearing ways for fostering corporate culture that made it possible for both the Board of Directors and the management crew to frame and execute company policies, objectives and strategies, and plans of actions in impersonal ways and protocols. This management procedure protected the interest of our shareholders and partners by saving the company from being caught in the financial sector malady that has overwhelmed the national economy and threatening existence of many financial institutions.

We are deeply distressed by the departure of this great man from this world and mourn for him from the core of our hearts. His absence will be felt by the company and its functionaries in years ahead, but an earnest desire in the leadership and the rank and file to follow his footprints might mitigate to a degree the cost inflicted upon us by his disappearance.

2019 was a challenging year for Bangladesh due to continuous spike in classified loans and recurrence of a liquidity and credit crunch in the money market. The capital market also followed a bearish trail all through the year creating draining pressure on business operations and long term individual investments in housing and other areas. Despite the difficulties and challenges, your company maintained stable growth during the year under scrutiny. Our Board of Directors is committed to maintaining proper corporate governance, intensified internal control systems and sharpened compliance standards and risk management configuration so the company could be steered clear of wrong decisions and actions, and driven successfully to the target objectives of volumes of business and revenues.

ECONOMIC REVIEW OF THE FINANCIAL YEAR

WORLD ECONOMY

Global growth this year recorded its weakest pace since the global financial crisis a decade ago, reflecting common influences across countries and country-specific factors.

Geopolitical tensions, social unrest, uncertainty regarding trade policies and natural disasters in several countries continued to put pressure on the global economic activities in 2019, thereby leading to decline in global growth. Despite the global economy making strong recovery in the past few years, the global GDP growth came down to 3.0% in 2019 compared to 3.6% in the year 2018. However, the global GDP is expected to pick up momentum and reach to around 3.3% in 2020 and 3.4% in 2021 based on comparatively higher growth rates estimated for developing economies.

GDP growth in advanced economies is expected to stand at 1.6% in both 2020 and 2021 against 1.7% in 2019. On the other hand, GDP growth in the emerging market and developing economies is expected to increase to 4.4% in 2020 and 4.6% in 2021 from 3.7% in 2019.

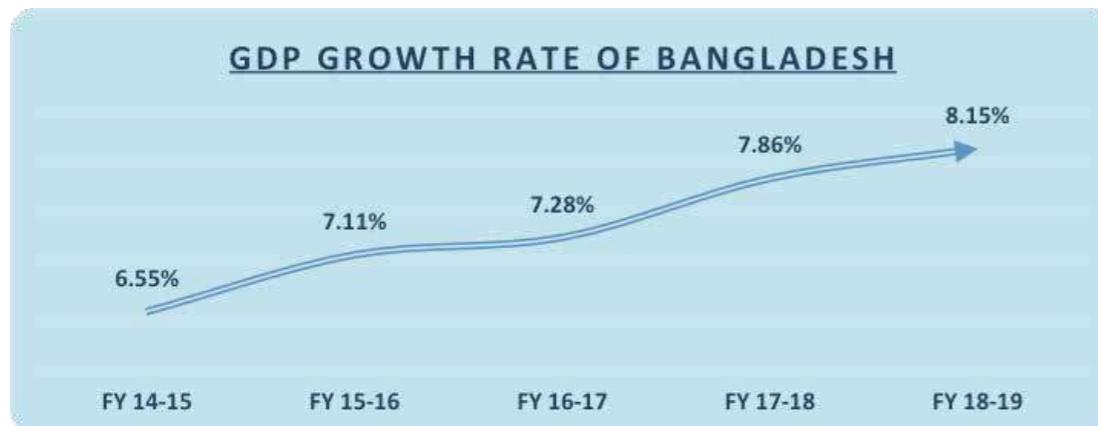
REGIONAL ECONOMY

Bangladesh being the third largest economy in the region performed significantly better than both India and Pakistan. Bangladesh continues to maintain a strong GDP growth rate rising to an impressive 8.1% in FY2019 against 7.9% in the previous financial year. Growth in South Asia region has come down to 4.9% in 2019 against 7.1% in the previous year. The decrease in the region was mainly due to economic slowdown in India and Pakistan. India has suffered from liquidity crisis in the financial sector, whereas Pakistan has suffered decline in fixed investment and in private consumption. Growth of Sri Lanka also decreased to 2.7% in 2019 mainly due to a major hit on tourism. Inflation in the region has remained fairly stable in the face of declining domestic demand.

BANGLADESH ECONOMY

GDP Growth

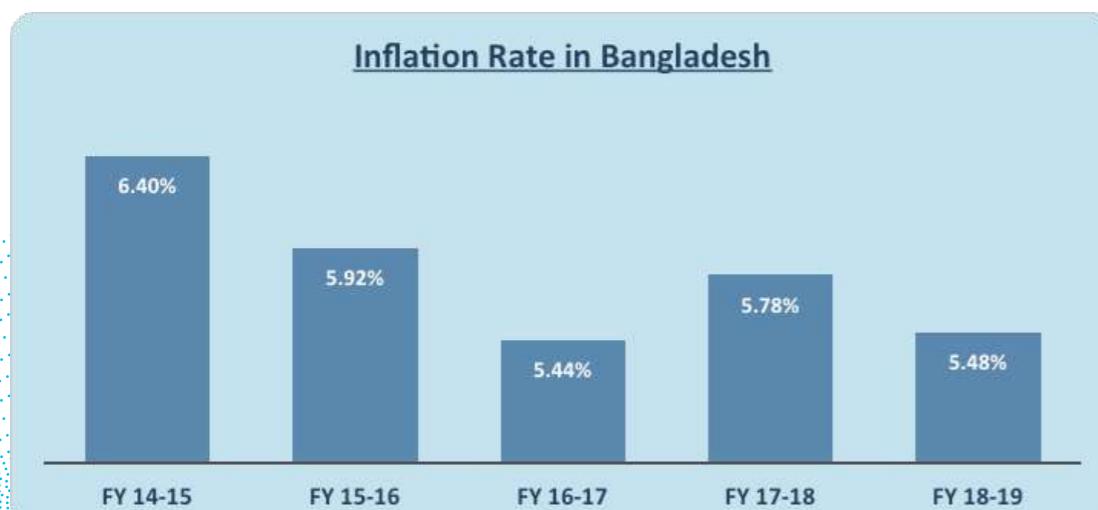
Bangladesh achieved a record high GDP growth of 8.15 percent in FY19, which is the highest in the South Asian Region. The robust growth was led by both domestic and external demand reflected in 10.5 percent growth in export and 9.6 percent growth in remittance. According to the Bangladesh Bureau of Statistics (BBS), real GDP recorded a growth of 8.15 percent in FY19, which was higher than 7.86 percent growth recorded in FY18. Measured at current market prices, the GDP of Bangladesh in FY19 was estimated at Taka 25,424.8 billion which was 13.0 percent higher than that of FY18.



The per capita GDP is estimated to have been Tk. 66,795.1 in FY19. This robust growth was propelled by remarkable increments in public sector investments and spending, and private sector investments in industry and services. As the key sectors, industry, services and agriculture grew by 12.7, 6.8, and 3.9 percent respectively. Besides, political stability, improved power supply, infrastructural developments and favorable weather for crops production also buttressed the growth.

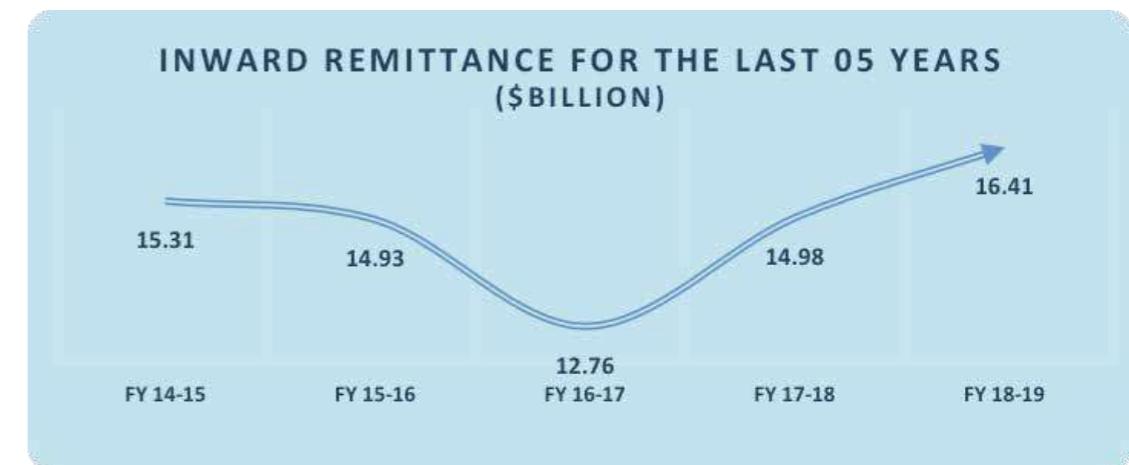
Inflation Rate

Inflation rate has been showing a downward trend till FY2016-17 and picked up to 5.8% in FY2017-18 mainly due to spike in food market prices. However, the rate came down in FY2018-19 to 5.5% as the inflation in the food market settled at comfortable lower level.



Inward Remittance

The flow of inward remittances from Bangladeshi nationals working abroad has been playing an important role in strengthening the current account balance. Inward remittance has been showing an upward trend from FY2016-17 after a consecutive three years downward trend from FY2014-15.



Inward remittance increased by 9.6% to USD 16.42 billion in FY2018-19 with majority of the remittance coming from the Gulf Cooperation Council (GCC) countries.

Export – Import

Export earnings increased to 10.5% in FY19 to USD 40.55 billion from USD 36.67 billion and Import payments in FY19 stood at USD 55.44 billion registering a positive growth of 1.8 percent compared to USD 54.46 billion in FY18. On the other hand import growth slowed down to 1.8% in FY2018-19 from 25.2% in the previous financial year relieving the pressure on foreign exchange reserve.



Foreign Exchange Reserve

Foreign exchange reserve has been showing a slightly declining trend from FY2016-17 after a sharp risen previous three financial years. Foreign exchange reserve stood at USD 32.71 billion in FY2018-19. Increasing in inward remittance and stable inflow of FDI helped to keep the foreign exchange reserve at a healthy level.



Loans, Advances and Deposits

Outstanding bank credit (excluding foreign bills and inter-bank items) in FY19 rose by BDT 1046.9 billion or 11.6 percent to BDT 10041.81 billion against the increase of 16.5 percent in FY18. Bank deposits increased by 9.89% to Taka 11,473.15 billion during FY19 against 10.78% increase in FY18.

CAPITAL MARKET ACTIVITIES

In any modern economy, the Capital Market and the Money Market together supply resources for all sorts of private sector investments and expenditures. Absence or weakened performance of any of these sectors badly hurts financial operations and thereby hinders economic growth of the country concerned. Our Capital Market has remained incapacitated for a long time to perform to the requirement of the parties involved, particularly it appeared insufficient to provide a leak proof and safe platform for entrepreneurs to pull capital for productive ventures. On the other hand, it didn't lure in, rather crowded away investors in general who hold the reservoir of funds that must be utilized paving ways for equity participations if country's business is to be fed with abundance of capital supplying for the vigor necessary to compete in the international markets and flourish in the domestic markets, and thereby earn wealth and resources for the nation.

It is satisfying to see that the concerned quarters are aware of the importance of the capital market and they are struggling to reform and rejuvenate the market so business enterprises can collect equity funds from general and specialized investors. The Capital Market comprises of two bourses – Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE), where DSE is the prime mover in ensuring a vibrant capital market which is the bedrock of a modern and internationally active business domain promising expansionary economic operations for the country by.

DSE introduced the DSE-SME platform on 30 April, 2019 through which the SMEs will get the opportunity to fulfill its capital requirement. A guideline on 'Sustainable Report for Sustainable Development' for listed companies in Bangladesh has been published by the Netherlands based Global Report Initiative (GRI) and DSE on 28 March 2019. Moreover, DSE and Colombo Stock Exchange Limited have signed a Memorandum of Understanding (MoU) on 28 March 2019 for formalizing collaborative efforts directed at mutual development.

DSE Index (DSEX) went through significant downward spiral during the year 2019 and closed the year 4,453 points in 2019 against 5,386 points at the end of 2018, a de-growth of 17.3%. Similarly market capitalization decreased by 12.3% to BDT 3,396 billion at the end of 2019 from BDT 3,873 billion in 2018.

To achieve sustainable development of the market the BSEC has made some necessary rules in FY19 such as, Short-Sale Rules, 2019; Risk Based Capital Adequacy Rules, 2019; Exchange Traded Derivatives Rules, 2019 and Investment Sukuk Rules, 2019.

MONEY MARKET SCENARIO

Bangladesh Bank pursued a cautious yet growth friendly monetary policy stance for FY19. The weighted average interest rates on deposits followed a downward trend from FY15 to FY17; while it increased to 5.5 percent in FY18, but further marginally decreased to 5.4 percent in FY19. Similarly, weighted average interest rates on lending also followed a downward trend for the above mentioned period, although it marginally increased to 9.95 percent in FY18, but finally decreased to 9.58 percent in FY19. Weighted average interest rate in the call money market was stable in FY19 at 2.20% to 4.50%.

PERFORMANCE OF NON-BANKING FINANCIAL SECTOR

Non-Bank Financial Institutions (NBFIs) are playing a crucial role by providing additional financial services that cannot be always provided by the banks, particularly easy and speedy services necessary for emergency and off-the-cuff requirements in industrial establishments. The NBFIs, with more multifaceted products and services have taken their place in the competitive financial market to satisfy the changing demands of customers. NBFIs also play an important role in the capital market as well as in real estate sector of Bangladesh. Presently, out of 34 NBFIs, 3 are Government-owned, 12 are joint ventures and the rest 19 are privately-owned local entities. Meanwhile, the branch network increased to 273 as on 30 June 2019.

NBFIs are investing in different sectors of the economy, but their investments are mostly concentrated in industrial sector and secondly in real estate sector.

TOTAL ASSETS-TOTAL DEPOSITS-LOANS & ADVANCES (BDT BILLION)



Total Asset

The total asset of the non-banking financial institution sector stood at BDT 874.30 billion in June, 2019, a increase by 2.67% from BDT 851.60 billion in December 2018. However, total asset increased from BDT 611 billion in December 2015 to BDT 874.30 billion in June 2019 representing a growth of 43.09%.

Loans and Advances

The total loans and advances of the non-banking financial institution sector stood at BDT 678.10 billion in June 2019, an increase by 5.64% from BDT 641.90 billion in December 2018. Total loans and advances of the Industry constituted 77.56% of total asset in June 2019.

Total Deposits

Total asset of the Industry stood at BDT 458.10 billion in June 2019, a decrease by 4.58% from BDT 480.10 billion in December 2018. However, total deposit increased from BDT 318.10 billion in December 2015 to BDT 458.10 billion in June 2019 representing a growth of 44.10 %.

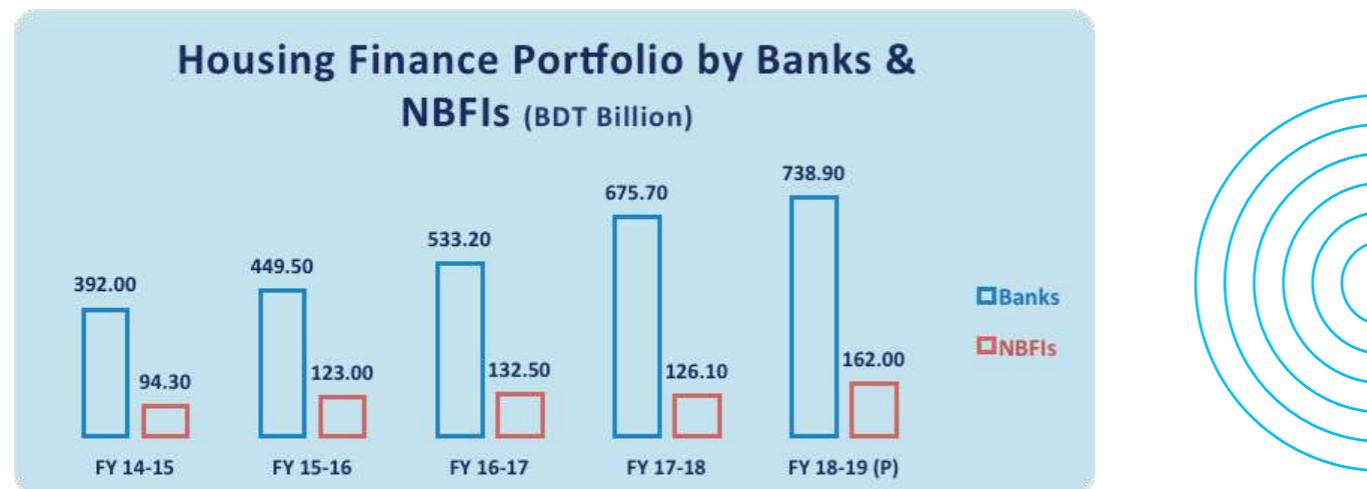
NBFIs are allowed to invest in the capital market up to 25 percent of paid up capital. In December 2018, all NBFIs' total investment in capital market was Taka 17.70 billion compared to Taka 21.70 billion in December 2017. Investment in capital market accounted for 2.70 percent of the total assets of all NBFIs. At the end of June 2019, NBFIs total investment in capital market stood at Taka 23.60 billion.

NBFIs are allowed to mobilize term deposit only. At present, term liabilities are subject to a statutory liquidity requirement (SLR) of 5.0 percent inclusive of average 1.5 percent (at least 1.0 percent in each day) cash reserve ratio (CRR) on bi-weekly basis. The SLR for the NBFIs operating without taking term deposit is 2.5 percent.

INDUSTRY OUTLOOK

HOUSING FINANCE

In Bangladesh the housing sector is considered as an extensive and progressive sector as it fills one of the most significant basic needs - shelter. In recent years, developments in infrastructural sector, especially construction of industrial buildings, corporate offices, dwelling houses, roads, bridges, public installations like stadiums, transport stations, hospitals, markets etc., have increased significantly. The housing sector plays an important role in attaining economic stability. The Housing Finance portfolio was BDT 486.30 billion in 2014-15 among which NBFIs' contribution was 19.39%. The same portfolio stood at BDT 900.9 billion in 2018-19 of which NBFIs' contribution was 17.98%.



Total Housing Finance increased from BDT 486.30 billion in 2014-15 to BDT 900.9 billion in 2018-19 representing a growth of 85.26 %. Housing Finance by NBFI's increased from BDT 94.30 billion in 2014-15 to BDT 162.00 billion in 2018-19 representing a growth of 71.79 %.

Positive signs are already within sight – the total outstanding housing loans of banks and financial institutions are increasing, significant changes have taken place in total housing loan portfolios; private sector banks with ample deposit resources have been expanding their housing loan portfolios and now have been dominating the market with the largest shares in housing finance as of end June, 2019. The state owned commercial banks had the second largest share during the same time. Besides, private sector specialized housing finance companies also provide a significant amount of housing loans.

The contemporary demographic features of Bangladesh are yet another booster: over 60% of the total population of about 165 million comprises of young people of the age between 25 and 45. This is where this country is now placed on a plateau from where to operate to command progress and development of all denominations – social, economic, environmental, entrepreneurial, and philosophical –and above all, a development that would hold a status of distinction for generations to come. The ensuing economic vibrancy, thus, bode well for the housing sector in future. However, political stability, investor confidence and availability of utilities will continue to play a crucial role in orchestrating the recovery of Bangladesh's Real Estate Sector.

Besides, land-population ratio in Bangladesh, especially in its urban areas is measurably low meaning there is significant scarcity of landed properties in urban areas. This makes vertical real estate developments imperative if housing facilities of a minimum standard are to be made available to at least a reasonable number of people living in cities and towns. Vertical development consists in constructing high-rise buildings accommodating large numbers of flats, apartments and office spaces under efficient use of land and construction materials. And construction of buildings and edifices on larger scales would jack up demands for housing and construction loans and credits. This indicates that there is all probabilities that business opportunities for lenders and investors in the real estate sector shall swell in days ahead.

With the increase of educated population and the emergence of a vibrant middle-class in the society, the prospects for housing sector business is also expected to enhance over time. Educated people with sufficient disposable income and access to loans and allied services, and exposure to modern amenities and styles of life are prone to aspire for and work hard to buy and live in own houses. This cosmopolitan social trend has additionally been expanding the limit of housing sector business, which is logically putting a demand-pull pressure on credit supply for house building and apartment purchases creating a buoyancy for lenders and suppliers. All these are good omens for businesses like National Housing are surely reasons for encouragement for all us – partners, shareholders and stakeholders of all varieties.

The realtors of the country expected good sales growth in 2019 in the backdrop of political stability and positive economic growth outlook. But the expectation of the realtors about high level sales growth remained unfulfilled. The price level of the apartments is still unaffordable for middle income clients. The tight liquidity situation and high interest rate prevailed during the year also made the loans costly for the potential customers. There was a general expectation that the high registration cost would be reduced, but apart from small changes in stamp duty, the registration cost still remained at a very high level. Moreover, the price of raw materials, particularly the price of rod and cement went up during the year. As a result, the price level of apartments increased further and had negative impact on sales.

However, there is a positive side: the secondary housing market took a visible shape in recent years. In addition to individual brokers, some institutional brokers entered the field and they brought lots of customers on the platform. More and more transactions took place for used apartments compared to new apartment sales, as customers found the price of used apartments relatively affordable compared to new apartments. But the high registration cost acted as a hindrance for the growth of secondary market.

The banking sector is now playing a dominant role in the housing sector, but the growth rate of NBFI shows an upward trend at the same time. Finding investments in real estate schemes secured and taking advantage of cost of fund, banks are now channeling increased amounts of funds to this sector. These banks served as market leaders with BDT 491.60 billion in outstanding housing loans as of June 2019. The SCBs had the second largest amount of BDT 211.90 billion and other banks (foreign & specialized) had BDT 35.40 billion in total as of June 2019. Availability of huge funds for building and buying houses as a result of operations of banks has caused a demand-pull effect on the market enticing in new customers. Besides the general NBFI, two private sector specialized housing finance companies including National Housing Finance and Investments Ltd. and Delta Brac Housing Finance Corporation Ltd. (NHFIL & DBH), and the lone state owned housing finance organization, namely House Building Finance Corporation are operating in the market contributing profusely to mitigate the financial requirements of individual and corporate clients for fulfilling their plans and dreams for own homes and commercial installations respectively.

KEY STRENGTHS OF NHFIL

We operate only in the housing finance sector; we specialize in this sector unlike banks and other NBFI; this is our forte. Our organizational knowledge and skill spanning every nook and cranny of the housing finance sector come as a great support – with kind of a consoling effect in their long drawn and arduous efforts – to customers who venture into building or buying their own dwelling places, or structures for commercial purposes. Consequently, NHFIL has been successful in fabricating a brand image and niche in the market entirely unrivaled by other funding agencies.

This has helped us stay ahead in a highly competitive market. The consumer relationships we have built overtime, the high quality of services that we provide to our clients in terms of convenience and flexibility, and our focus on collections and controlling of non-performing loans (NPLs) have all contributed to increase in our revenues and profits, and in turn, creation of value for our shareholders.

Our proper and prompt services serve as our advertisements: our employees are fully geared by virtue of relevant knowledge, skill, experience and a motivational status of mind inculcated by constant training and counselling to follow through the best practices while dealing with customers. This is fine-tuned by our honorable directors when they offer their advices and guidance and put forward policies and operational strategies. All these summed up represent our strength in the housing finance field. Our honorable shareholders and other stakeholders can thus stay re-assured that we will always stand alert in taking advantage of this strength, and protect and preserve their interest.

HUMAN RESOURCES- A VITAL ELEMENT TO NHFIL'S SUCCESS

At NHFIL, at the very heart of our culture lies the ambition to stay at the top of the curve. And the only way to do so is to empower our most valuable asset – our human resources. Our organization is in the practice of executing on-the-job and off-the-job training and views-sharing sessions in order that employee skill and morale could be kept updated and refined. Talent and knowledge management activities form the most important agenda of the company and under a succession plan, a pipeline for supply of fresh hands and handpicked professionals is maintained, so gaps and vacuums could be filled in as soon as there is any requirement and urgency. This helps shun setbacks and keep works flowing smoothly. As we focus on enhancing productivity, we are increasingly linking Key Performance Indicators (KPIs) with compensation and incentives, fostering an environment that inspires decentralized decisions and a culture of cost consciousness and value addition in whatever we do.

In a highly competitive marketplace, we are also constantly looking at attracting and retaining the best talents. We believe, in addition to offering lucrative compensation packages, ensuring a challenging workplace environment that thrives on ideas, innovation and collaboration is critical to prevent frequent drop outs and retain best minds and best hands. These policies are paying us all and it is expected that framing, adjusting and adhering to such policies will in all possibilities greatly contribute to achieving company objectives, targeted growth and the desired position in the market in terms of brand image, image as a coveted employer, stability in financial and management status, and above all a company with commercial and social commitments and contributions.

SOME OF THE TECHNOLOGICAL INNOVATIONS ADOPTED BY NHFIL

- Increasing technology leverage to fully automate the indigenously developed credit appraisal and assessment that not only helps us proactively identify infected areas and take corrective measures, but also helps us in extensive portfolio and database analysis with a view to identifying cross selling opportunities and enlarge our loans exposure to quality accounts. With the online appraisal in place, we have also quickened our loan disbursal time and this has greatly benefitted us in terms of providing superior customer service and claiming wider customer loyalty.
- Enhancing customer service through our dedicated customer relationship management teams that regularly visit and stay in touch with our customers to identify their requirements and also provide advisory services. We are also looking at providing seamless and uniform services to our customers across all our branches as we focus on minimizing their need to visit us, thereby enhancing their convenience. A customer experience team has been formed to monitor activities of the relationship teams so that objectives in this regard are realized.
- Apart from these initiatives, we are continuously looking into opportunities of process re-engineering. The aim of this is to do away with inefficiencies that might exist in any of our operational processes, thereby lower costs and create more value for our shareholders, as well as provide faster solutions to our customers' issues. A change management team has been formed to oversee this transformation.

INTERNAL CONTROLS

NHFIL has adequate system of internal controls for business process, 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. The Board of Directors have the responsibility for reviewing and approving the overall business strategies and major policies of the Company. Senior management has the responsibility for implementing strategies and policies approved by the board. Your company ensures that a reasonably effective internal control framework operates throughout the organization, which provides assurance with regard to safeguarding the assets, reliability of financial and operational information, and execution of the transactions in compliance with the authorized internal policies and strategies. The Board of Directors has instituted comprehensive systems of internal control for identifying, recording,

evaluating and managing the risks faced by NHFIL throughout the year. The Board meticulously monitors the impact of internal control functions and comes up with suggestions containing corrective measures from time to time.

RISK MANAGEMENT

NHFIL has an ongoing process in place to identify, evaluate and manage Foreseeable Material Risk Factors. This process is detailed in the Risk Management Report on pages 63 to 64. The Directors, review the above mentioned process on a regular basis.

CORPORATE GOVERNANCE

In the management of the Company, the Directors have placed emphasis on conforming to the best corporate governance practices and procedures. Accordingly, systems and structures have been introduced or improved from time to time to enhance risk management measures and to improve accountability and transparency. A separate report on Corporate Governance is given on pages 60 to 70 Pursuant to Clause 5 (XXVII) of BSEC Notification No. BSEC/CMRRC/2006-158/207/Admin/80 dated 03 June 2018 the Company's compliance status is shown in Annexure-C page 78.

ENVIRONMENT FRIENDLY POLICY ADOPTED BY NHFIL

While the whole world is anxious about greenhouse effect and the impact of climate change on human civilization, we have started to explore the emerging possibilities of "Green Finance." In a bid to answer responsibly to the climate change issues – particularly, the threats facing Bangladesh which is a small landmass forming a low lying delta called Ganges-Brahmaputra-Meghna Delta (GBM Delta) – we are sincerely exploring the scope and size of the business portfolio comprising green buildings, renewable energy and energy-efficient projects, waste management capacity development, initiatives to ensure safety and security of factory workers etc. The global climate and for that matter the climate of Bangladesh consists of an intensely connected network of the sun, earth, oceans, wind, rains, snow, forests, deserts, savannahs and very importantly, what we, the mankind do living in this network. As a pivotal element of the global climate system human actions bear great influence (positive and negative) on the global climate and have been causing perversions like abrupt sea-level rise, rise in temperature, excessive rainfall, drought, frequent incidence of floods & cyclones, worsening health hazards, and so on. We fully appreciate the gravity of these looming problems of colossal scales and thus, our Board has clear instructions to engage under a prioritized approach in "Green Finance" whenever and wherever possible and the company is poised accordingly.

TRAINING PROGRAM OF DIRECTORS

NHFIL is fully committed to maintain highest standards of Corporate Governance and Professionalism in driving the FI's progress on the principles of transparency and openness. For this purpose, training at home and abroad especially on Corporate Governance is encouraged by the Board. As such, whenever opportunities arise, FI utilizes the same to train and orient its members.

It is expected that all Directors have an understanding of NHFIL's business model and the key challenges facing the Group as a whole, as this allows them to make informed contributions to the Company. The Chairman ensures that all Directors receive a full, formal and tailored induction on joining the Board, facilitated by the senior management and comprising:

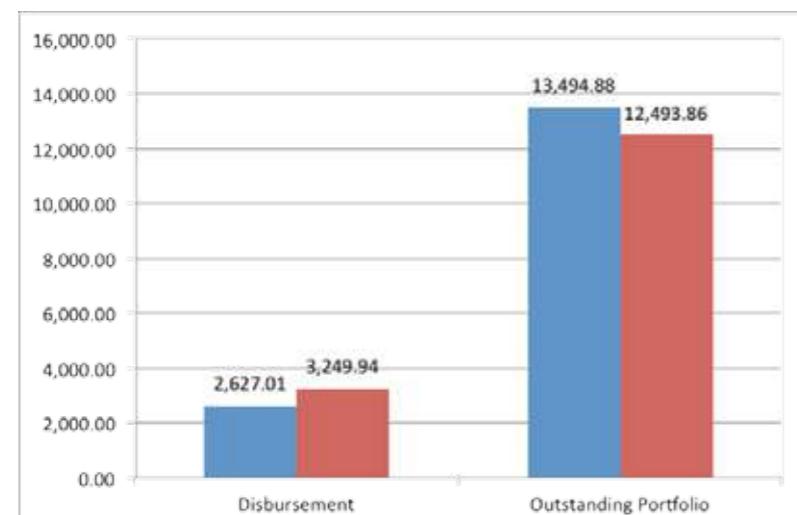
- A formal corporate induction, including an introduction to the Board, and a detailed overview of NHFIL, its strategy, operational structures and business activities;
- The roles and responsibilities of a Director, including statutory duties and responsibilities as per the code of conduct duly approved by the Board;
- A comprehensive induction program tailored by the Chairman and meetings with senior executives across NHFIL and sessions with NHFIL's business divisions; and
- A code of conduct adopted by the Board for compliance on the part of the Directors.

Besides, all relevant regulations promulgated/circulated from time to time by the concerned authorities are placed to the meeting of the Board on a regular basis to keep the members updated.

OPERATIONAL OVERVIEW OF NATIONAL HOUSING

National Housing has been able to maintain a stable business volume during 2019 which can be seen from the data furnished below:

Particulars	2019		2018	
	Disbursement	Outstanding Portfolio	Disbursement	Outstanding Portfolio
Home mortgage loan	2,540.13	12,516.487	2,981.98	11,088.65
Lease & Term finance including SME and other	86.88	978.39	267.96	1,405.21
Total:	2,627.01	13,494.88	3,249.94	12,493.86



Bar chart with different colors (Fig 01)

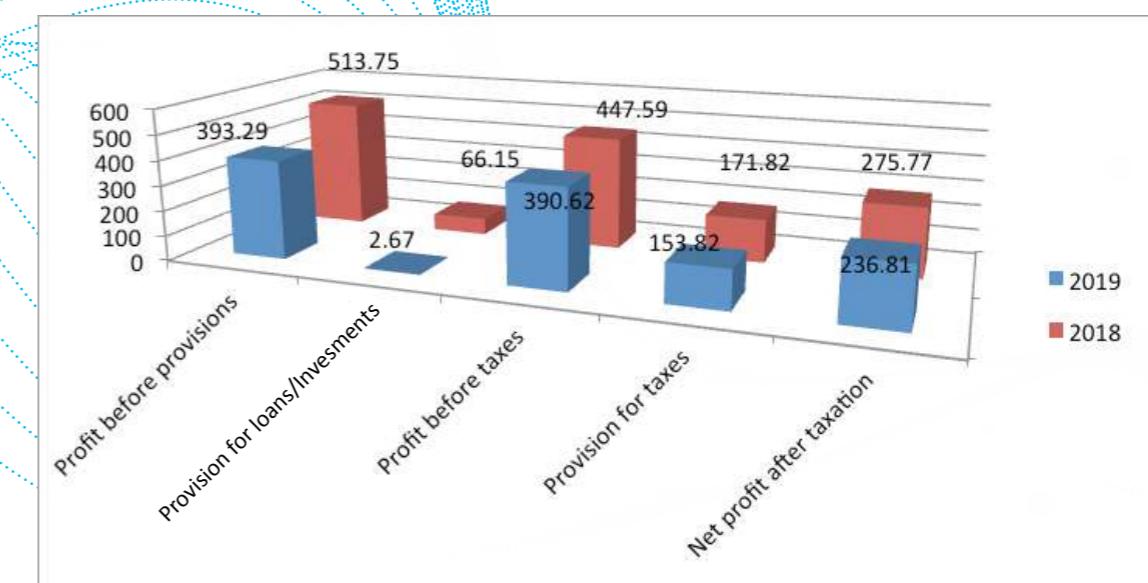
The total portfolio of the Company reached to Tk. 13,494.88 million from Tk. 12,493.86 million during 2019, registering a growth rate of 8.01%.

The demand for houses in urban areas in a developing country like Bangladesh has been dramatically increasing due to a natural process of urbanization and fast economic growth. Rural people are migrating not only to find jobs, but many wealthy people are moving to urban areas for fulfillment of their expectations for betterment of the lives of their future generations and for enjoying the modern facilities of city life.

FINANCIAL PERFORMANCE DURING THE YEAR 2019

The Company's financial performance over the 1st, 2nd, 3rd and 4th quarters and the yearly performances are given below in the context of its fair disclosure policy.

Particulars	2019					2018
	Q1	Q2	Q3	Q4	Yearly	
Net interest income	93.17	169.59	120.92	182.14	565.82	651.55
Total operating income	100.60	173.57	126.69	188.11	588.97	684.22
Total operating expenses	45.01	47.55	45.48	57.64	195.68	170.47
Profit before provisions	55.59	126.02	81.21	130.47	393.29	513.75
Provision for loans/ Investments	(29.94)	1.24	28.19	3.18	2.67	66.15
Profit before taxes	85.53	124.78	53.02	127.29	390.62	447.59
Provision for taxes	24.17	40.16	28.8	60.65	153.82	171.82
Net profit after taxation	61.41	84.62	24.13	66.65	236.81	275.77



Bar chart with different colors (Fig 02)

DEVELOPMENT ACTIVITIES

A number of measures were taken for business promotion during 2019. NHFIL strengthened its marketing activities by appointing an increased number of business associates in its marketing team. A good number of officers were imparted training during the year. With a view to opening new business avenues, we opened two new branches namely, "Feni Branch" and "Rajshahi Branch" in 2019. Besides, a number of MoUs were signed with promising real estate developer companies to procure new businesses. NHFIL has also planned for opening some sales centers. Apart from this, as usual NHFIL participated in REHAB Fair held at the Bangabondhu Conference Centre and received good response from the prospective clients.

FINANCIAL STATEMENTS

The Financial Statements of NHFIL have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) adapted by the Institute of Chartered Accountants of Bangladesh, and complying the requirements of DFIM circular No # 11 dated 23 December 2009 issued by Department of Financial Institutions and Markets of Bangladesh Bank and Bangladesh Bank's other circulars and guidelines, the Companies Act 1994, the Securities and Exchange Rules 1987, the listing regulations of Dhaka and Chittagong Stock Exchanges. The aforementioned Financial Statements for the year ended December 31, 2019 duly signed by the Acting Chairman, Managing Director, a Director and company secretary are given on pages from 114 which form an integral part of this Annual Report.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of Financial Statements of NHFIL to reflect a true and fair view of its state of affairs. This report has been prepared in conformity with the requirements of the Bangladesh Financial Reporting Standards, the Companies Act 1994, the Financial Institutions Act 1993, the Listing Regulations of Dhaka Stock Exchange & Chittagong Stock Exchange, Bangladesh Bank's Guidelines and the Corporate Governance Code.

AUDITOR'S REPORT

The Auditor of NHFIL is M/s Syful Shamsul Alam & Co. Chartered Accountants. M/s Syful Shamsul Alam & Co. carried out the audit on the Financial Statements of NHFIL for the year ended December 31, 2019 and their report on those Financial Statements, as required by the Companies Act 1994 is given on page 106.

SIGNIFICANT ACCOUNTING POLICIES

Significant Accounting policies adopted in the preparation of the Financial Statements are given on pages from 124 which comply with provisions of BFRSs and the Companies Act 1994.

GOING CONCERN

The Directors, after making necessary inquiries and reviews including analysis of the budget for the ensuing year, capital expenditure requirements, future prospects and risks, cash flows and such other matters required to be addressed in the Code of Best Practices on Corporate Governance issued jointly by the Institute of Chartered Accountants of Bangladesh and the Bangladesh Securities and Exchange Commission, have concluded that NHFIL has adequate resources to continue operations into the future protecting and promoting the business interests of all shareholders and stakeholders. They also assume based on accounting facts and figures that the financial status of the company is stable enough to pay for its obligations in the foreseeable future, bear operational expenses and hold onto business in the face of unfavorable conditions and that there is no accounting or financial indications that the company may encounter any setback, or threat of closure or liquidation in the near future. Accordingly, they have adopted the principles of Going Concern in preparing the Financial Statements. Details about going concern assessment of NHFIL are presented in Statement of Going Concern in page 123 of the Annual Report.

CAPITAL EXPENDITURE

Total capital expenditure on acquisition of property, plant and equipment and intangible assets of NHFIL as at 31 December 2019 amounted to BDT 313.59 million which were BDT 227.94 million as at 31 December 2018. Details are given in Annexure-A of Financial Statements

INTEREST IN OTHER ENTITIES

According to IFRS 12, National Housing Finance and Investments Ltd does not have any interest in other entities.

RELATED PARTY TRANSACTIONS

Directors have also disclosed transactions that could be classified as Related Party Transactions in terms of Bangladesh Accounting Standard - BAS 24 (Related Party Disclosure) which is adopted in preparation of the Financial Statements. Those transactions disclosed by the Directors are given in note number 53.05 to the Financial Statements which form an integral part of the Annual Report.

CREDIT RATING

CRAB assigned 'A1' rating in the Long Term and 'ST-2' in the Short Term to the Company based on financial statements up to December 31, 2019. Banks/FIs rated as 'A1' (Strong Capacity & High Quality) have strong capacity to meet financial commitments, maintain high quality, with low credit risk, but are susceptible to adverse changes in circumstances and economic conditions. In Short Term Rating Scales and Definitions ST-2 (Average Grade) means average capacity for timely repayment of obligations.

ADDITIONAL DISCLOSURES

The Directors do hereby confirm, in accordance with BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated 3 June, 2018, that compliance with the applicable financial reporting framework has been ensured as follows:

- The financial statements prepared by the management present fairly the Company's state of affairs, the result of its operations, cash flows and changes in equity;
- Proper books of accounts of the 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 and International Financial Reporting Standards, as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed as per page No 127 of the Annual Report;
- The system of internal control is sound in design and has been effectively implemented and monitored as per page no 63 of the Annual Report;
- Key operating and financial data of at least preceding five (5) years have been summarized on page no 28 of this Annual Report;
- There are no significant doubts upon the Company's ability to continue as a going concern;
- There is no extraordinary gain or loss during the year;
- No significant difference occurs between quarterly financial performance and annual financial statements;
- There are no significant changes in the Company's fixed assets and the market value;
- The company had not enabled any of its directors to acquire benefits by means of acquisition of share or debentures of the company or anybody corporate.

SUBSEQUENT EVENTS-DISCLOSURE UNDER BAS 10: "EVENTS AFTER THE BALANCE SHEET DATE"

The following material event has occurred after the Balance Sheet Date:

"The Board of Directors in its 218th Board Meeting held on July 23, 2020 recommended 10% cash dividend subject to the approval of the shareholders at the 21st Annual General Meeting."

DIRECTORS

In terms of the Shareholders' Agreement, the following Directors intend to retire at the 21st AGM:

SL#	Directors to Retire	Organization Represented
01	Mr. Akhtar Ahmed	Reliance Insurance Limited
02	Mr. Muminul Haque Chowdhury	Borak Travels (Pvt.) Ltd.

Due to the sad demise of Mr. Latifur Rahman, Chairman, one directorship position of the company has fallen vacant. Thus, the following representatives of shareholders, being eligible for election/re-election as Director, have expressed their interest for election as Director in the 21st AGM:

SL#	Directors to be elected/re-elected	Organization Represented
01	Mr. Morshed Alam, MP	National Life Insurance Co. Ltd.
02	Mr. Akhtar Ahmed	Reliance Insurance Limited
03	Mr. Muminul Haque Chowdhury	Borak Travels (Pvt.) Ltd.

SHAREHOLDING PATTERN

NHFIL's shareholding pattern as on December 31, 2019, is disclosed as per the revised CGC of BSEC of this annual report on page no 74.

BOARD MEETING AND ATTENDANCE BY THE DIRECTORS

During the year 2019, a total of 10 meetings of the Board were held. Attendance by the Directors and remuneration to the Directors have been summarized in this annual report at page no 73.

REMUNERATION OF DIRECTORS INCLUDING INDEPENDENT DIRECTORS

Meeting attended by the Directors of National Housing Finance & Investments Limited refer to page no 73 of this Annual Report under the Corporate Governance Report.

PROPOSED DIVIDEND

NHFIL has earned a net profit after tax of TK. 236.81 million as against TK. 275.77 million in the previous year. The Board of Directors recommended 10% Cash Dividend i.e. Tk. 1.00 for each share for the year ended December 31, 2019, subject to approval at the 21st Annual General Meeting. The Board herewith states that no stock dividend was considered during the year as interim dividend, which fulfills condition no.1 (5) (xxi) of the codes of corporate governance of BSEC.

MINORITY INTERESTS

In compliance with code 1(5) (xvi) of the codes of corporate governance, the Board hereby confirms that the interests of the minority shareholders have been duly protected in the Company.

PLAN FOR UTILIZATION OF UNDISTRIBUTED PROFITS

The Company requires substantial funds every year to carry out its regular business operation. The undistributed profits will be utilized to disburse fund for its new investments and will be used to meet contingencies in future as authorized under Article 100 of Schedule I of the Companies Act 1994. Additionally, with this retention a reasonable debt equity ratio would be maintained and the borrowing power of the Company would enhance.

RESERVES

A summary of the reserves of National Housing is as follow:

Particulars	2019	2018
Statutory Reserve	513.90	466.54
Retained Earnings	207.92	231.25
Total Reserves	721.82	697.79

Audit Information

The Directors who held office at the date of this Directors' Report confirm that:

- So far as the Directors are aware, there is no relevant audit information of which the company's auditors are unaware of; and
- The Directors have taken all steps that they themselves ought to have taken as Directors in order to make themselves aware of any relevant information and to ensure that the company's Auditors are aware of that information.

AUDITORS

The Company's Auditors, M/s. Syful Shamsul Alam & Co., Chartered Accountants shall retire at the 21st AGM. Having completed three years of audit work they are not eligible for re-appointment for the year 2020. Many "A" grade audit firms have expressed their interest to act as auditors. Upon appraisal by the Audit Committee, the Board recommended the appointment of M/s. Ahmed Zaker & Co. (Member of Geneva Group International), Chartered Accountant as Auditor for the year 2020 at a remuneration of Tk. 250,000.00.

COMPLIANCE AUDITORS

The Compliance Auditors, M/s. SARashid & Associates, Chartered Secretaries have expressed their interest to be re-appointed as Compliance Auditors of the Company. Upon appraisal by the Audit Committee, the Board of Directors of the Company recommended the appointment of M/s. SARashid & Associates, Chartered Secretaries as Compliance Auditor for the year 2020.

APPRECIATION

Dear Brethren:

In the absence of my brother, late Latifur Rahman, I have had to present before you this report as a matter of duty, but my heart remains heavy. In reminiscence, we must recognize his contributions in sustaining this prominent company of the housing sector of this country, and his legacy of ethics, transparency, integrity, and the sense of responsibility to his countrymen in the pursuit of business.

I would now like to take this opportunity to express, on behalf of the Board of Directors, our gratitude and sincere thanks to you, the shareholders of the company and our partners in business, and our clients of all strata, for remaining with us through odds and ordeals and offering sustained patronage and support.

I and the Directors also express our gratefulness to Bangladesh Bank and other regulatory authorities for their valuable guidance. At the end of the day, the management comprising employees of all denominations play the pivotal role in moving affairs of any organization forward and hold its position as a going concern intact. The story concerning our company is none but the same. Hence, we, at the Board of Directors, appreciate their toil, the trust they have upheld and the goodwill they preserve for this company, their employer.



Mahbubur Rahman
Acting Chairman
Dated: July 23, 2020

AUDIT COMMITTEE REPORT

For the year ended 31st December, 2019

The Audit Committee of the Company ensures 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 observation and monitoring of the following areas:

- Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Review with the management, the annual financial statements before submission to the board for approval.

The Audit Committee consists of the following members:

Name	Designation	Committee Status
Dr. Toufic Ahmad Choudhury	Independent Director	Chairman
Mr. Md. Kabir Reza, FCMA	Director	Member
Mr. Akhtar Ahmed	Director	Member
Mr. Azmal Hossain	Director	Member

Mr. Md. Sarwar Kamal FCS, Company Secretary, acts as the Secretary of the Committee.

Functions and Activities:

The Committee

- met 4 (four) times in the year 2019 on 14.03.2019, 08.05.2019, 25.07.2019 and 27.10.2019; Mr. Md. Khalilur Rahman, Managing Director and Mr. Prabir Shel, Head of ICC were present in all meetings;
- reviewed the internal control system and financial statements and the external audit report;
- conducted a formal evaluation of the effectiveness of the external audit process;
- considered the tenure, quality and fees of the auditors the committee recommended to the Board for re-appointment of M/s Syful Shamsul Alam & Co, Chartered Accountants, as Auditor at the 20th AGM on 02nd May 2019;
- considered the tenure, quality and fees of the auditors the committee recommended to the Board for re-appointment of M/s SA Rashid & Associates, Chartered Secretary, as Compliance Auditor at the 20th AGM on 02nd May 2019;
- reviewed internal control and risk management systems;
- considered the effectiveness of the Company's internal controls over financial reporting;
- reviewed impairment methodologies;
- reviewed reports from the Chief Financial Officer on the quarterly and annual financial statements, including other financial statements and disclosures prior to their publication;
- reviewed the Annual Report, these reviews incorporated the accounting policies and key judgments and estimates underpinning the financial statements as disclosed in Notes to the Account;
- received reports from the internal auditors;
- monitored the performance of the Internal Audit function;
- reviewed the Internal Audit Plan;
- reviewed appropriate systems and controls are in place for effectiveness of internal audit function;
- monitored independence of audit work;
- reviewed the effectiveness and independence of the statutory auditors;
- recommended appointment, remuneration of the statutory auditor;
- reviewed the annual audit activities and audit report;
- reviewed issues concerning inspection report of Bangladesh Bank;

- reviewed compliance with existing laws & regulations;
- reviewed its Terms of Reference to satisfy itself that they enable the Committee to fulfill its responsibilities;
- reviewed Credit Risk Management Manual;
- reviewed Anti Money Laundering and Combating Terrorist Financing Policy;
- reviewed IT policy;
- monitored prevailing of appropriate administration culture as prevailing;

Reporting by the Audit Committee:

- The Committee reports directly to the Board of Directors on its activities;
- The Committee did not find any material deviation, discrepancies or any adverse observations in the areas of reporting;

Dr. Toufic Ahmad Choudhury

Chairman
Audit Committee
Dated 21 July, 2020

REPORT ON CORPORATE GOVERNANCE

BOARD OF DIRECTORS, CHAIRMAN AND MANAGING DIRECTOR

NHFIL's policy on appointment of Directors

In relation to the selection and appointment of new Director, the existing Board of Directors possess the following duties and responsibilities:

- Regularly reviewing the size and composition of the Board and the level of expertise, skills, experience and perspectives that are required to perform its activities;
- Appoint a new Director according to the required competencies of the Board;
- The Directors are appointed by the shareholders in the Annual General Meeting (AGM).
- Vacancies, if any, are filled by the Board in accordance to the Companies Act, 1994, and the Articles of Association of the Company;
- The Managing Director is appointed by the Board subject to approval of Bangladesh Bank;

The Chairman of the Board and the Managing Director of the Company are different individuals

The Chairman and the Managing Director are separate individuals. The role of the Chairman and the Managing Director are independent and separate.

Role and responsibilities of the Chairman as defined by the Board

The Chairman is taking care of the Board of Directors. The Chairman serves as the primary link between the Board and the management and works with the Managing Director and Company Secretary to set the agenda for the Board meetings. It is the Chairman's responsibility to provide leadership to the Board and ensure that the Board works effectively and discharges its responsibilities as Directors of the Company. The role and responsibilities of the Chairman of the Board is defined and set by the Board.

Appraisal of performance of the Board

Both new and existing Directors are provided with the Code of Conduct for the Board members on general aspects of

their Directorship and industry-specific matters. Moreover, the Board is immediately informed of any new rules, regulations and/ or changes in existing regulations. The Board is also always kept updated on any development and changes in the business environment, risk and industry outlook to assist them to carryout their duties as Directors. Evaluation of the Board's performance is conducted by analysing the performance of the projects and proposals approved by it. A quarterly review of classified and non-performing loans is always made by the Board to find out deviations and embrace course of corrections, if any.

Annual evaluation of the Managing Director by the Board

The Board of Directors evaluates the performance of the Managing Director based on the goals set for him considering the company vision and mission in each year. The annual financial budget and other job objectives are discussed, reviewed and finalized by the Board at the start of the financial year. The Board considers both financial and non-financial goals during the appraisal.

VISION/MISSION AND STRATEGY

Vision/Mission approved by Directors

The Board of Directors has approved the vision and mission statements of National Housing and strictly maintains it and ensures every individual in the organization complies with them. There is strong belief about it within the organization. The Vision and Mission statements can be found on page 06.

Business objectives and areas of business focus

NHFIL's Board always sets business objectives and areas of concentration are set according to their own objectives and the market condition. The latest business objectives and areas of business focus can be found in the annual report on page 07.

Strategies to achieve the business objectives

A Strategic Plan is set up by NHFIL at the start of the financial year to align with the business objectives and strategies for the year. The Board always gives direction to the management of the NHFIL on how it is to be managed for the upcoming year. Strategies set to achieve the business objectives can be found in the annual report on page 07.

AUDIT COMMITTEE

Audit Committee Chairman is an independent Non-Executive Director

The Chairman of the Audit Committee is an independent non executive Director who is not involved in the day to day operations of the Company. He is an experienced individual and qualified to be the Chairman of the Audit Committee. Dr. Toufic Ahmad Choudhury is an Independent Director of the Company and the Chairman of the Audit Committee. He has thirty nine years of success in teaching and training at Bangladesh Institute of Bank Management (BIBM). He is Ex-DG for about eight years at BIBM. Mr. Toufic holds Ph. D from Himachal Pradesh University, Shimla, India and Master degree in Economics from Jahangirnagar University.

Composition of the Audit Committee

As per BSEC notification no, BSEC/CMRRCD/2006-158/207/Admin/80 dated 3rd June 2018 on Corporate Governance Code and Bangladesh Bank Guidelines. The Current Audit Committee consists of 4 members including 1 independent director.

Internal Audit activity investigation

The Audit Committee established terms of reference (ToR) so that it could function effectively and smoothly. These terms were created to define the roles and responsibilities of the Audit Committee. The committee is also empowered to investigate/question employees and retain external counsel when required.

All members suitably qualified

All members of the audit committee are qualified and have years of experience in banking and financial sector reforms. They are also very competent and come from a variety of educational backgrounds, which brings diversity in the committee. A member of the audit committee is a fellow Cost and Management Accountant; hence he brings a high level of expertise in the areas of finance and accounting to the committee.

Head of Internal Audit's access in the Audit Committee

The Head of Internal Audit always has access to the audit committee and can raise his concerns whenever required.

• Ensure effective coordination of external audit function

It is vital that there is open communication between the auditor and the audit committee to ensure the best utilization of their resources. This communication also helps in assessing the auditor's performance.

The Audit committee analyses the audited financial statements with management and the external auditors to ensure that the Company's financial statements are objectively presented in compliance with the relevant Bangladesh Financial Reporting Standards, International Financial Reporting Standards and Bangladesh Accounting Standards in all substantial aspects based on its review and consultations with management and external auditors. External Auditors are requested to attain the audit committee meeting where financial statements of National Housing is placed for review and recommendation. The Committee also implements an annual assessment of the efficiency of the Company's internal Audit functions and certifies that internal audit has sufficient resources to accomplish its duties.

The external auditors always maintain communication with the audit committee based on the requirement of the key audit issues raised regarding accounting or auditing during the course of the audit, which gives rise to a greater risk of material misstatement of the financial statements and concerns regarding the audit committee.

The Audit Committee has quite a few roles regarding the external audit functions;

• Ensure independence of external audit function

The auditors of National Housing Finance and Investment Limited must be independent. Audit committee is familiar with the statutory and regulatory independence requirements for auditors. It is important that the auditor is technically competent and exercise a high level of objectivity and professional Skepticism. The Audit Committee's interactions with the auditors during the audit to evaluate whether the auditors demonstrated integrity, objectivity and professional skepticism as stated above.

• Review the external auditors' findings

The Audit Committee extensively reviews all findings of the external auditors and ensures that management is informed and is taking action for resolving any discrepancies. Before the financial statements are signed, the audit committee reviews all the findings and ensures that they are satisfied with the actions that management has taken.

• Review and approve non-audit work assigned to the external auditor and ensure that such work does not compromise the independence of the external auditor

External auditors are not involved in any engagement that directly or indirectly threatens their independence. The Audit Committee must ensure this matter. If any work is being done by the external auditors, the Audit Committee must approve before the work commences. In short, the Audit Committee is responsible that the independence of the external auditors is not comprised under any circumstance.

• Recommend external auditor for appointment/reappointment

The Audit Committee does an extensive review on the audit work done by the auditors after the audited financial statements have been signed. The Audit Committee evaluates the auditors on a very detailed level, and ensures that

there were no threats to independence or any other issues with the auditors. The Audit Committee scrutinizes the applications of the auditors and recommends for appointment/ reappointment for the next year/AGM. In this appointment process, DFIM circular No 04, dated 30th April 2015 was strictly followed without any deviation.

Audit committee's involvement in the review of annual and interim financial reports

As per the Corporate Governance guideline of BSEC, the Audit Committee is expected to assess alongside with management, the interim and annual financial statements before proposing to the Board for consent. NHFIL's Audit Committee appraises the interim and annual financial releases whether audited or unaudited and places it before the Board for approval. The Audit Committee always ensures that the financial statements reflect a true and fair view of the company.

INTERNAL CONTROL & RISK MANAGEMENT

Director's Responsibility to establish appropriate system of Internal Control

The Board of Directors has always been extremely active in establishing appropriate systems of internal control. The Board of Directors has no sympathy for any type of fraud in the FI, and always promotes a sound and strong internal control system inside the FI. The Board of Directors has always appreciated the internal controls that have been set up by management and have also given advice on any matters when required. The Board has always been very responsible and active in establishing an appropriate system of internal control.

The Company has taken sufficient care in installing a system of internal control, which is reviewed, evaluated and updated on an ongoing basis to ensure the establishment of appropriate system of internal control. The internal control and compliance department of the Company demeans periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed.

Key features of the internal control system

The Company defines internal control as a process which is designed to provide equitable assurance regarding the achievements of objectives relating to the effectiveness and efficiency of operations, reliability of both external and internal financial and non-financial reporting and compliance with applicable laws and regulations.

The Company's internal control system consists of five interrelated components:

The control environment

The control environment refers to the orientation, awareness and actions of those in the governance and management roles with regards to the Company's internal control and its importance in the entity. Elements under NHFIL's control environment include:

- Active participation by those charged with governance as evidenced through regular meetings of its Board of Directors and Audit Committee
- The communication and fostering of an environment that consistently requires integrity and ethical behaviour as evidenced by regular communication and confirmation of its Code of Conduct and zero tolerance for illegal or unethical behaviour
- A formal well-defined organizational structure, setting out key areas of authority and responsibility and appropriate reporting lines that is relevant to the nature and size of the Company's business
- Human resource policies that demonstrate the Company's commitment towards recruiting employees who meet established standards of competence and ethical behaviour.

Risk assessment

Risk assessment refers to the process (es) with which the Company identifies and assesses risks in the achievement of its objectives. A changing external and internal environment means that risk assessment is a dynamic process and must occur at all levels of the organizational structure, ranging from branch and department level reviews of portfolios, functions and operations to MANCOM and ALCO meetings at the very top level of the management.

Control activities

Control activities are the policies and procedures that help ensure that the management directives are carried out. Control activities have various objectives and are applied throughout the Company at all levels and in all functions. These include activities such as authorization, reviews, reconciliations and verifications.

Information and communication

The information and communication component facilitates the functioning of the other components by providing information that is necessary for the attainment of Company objectives and by establishing a continuous process for collecting, sharing and disseminating necessary information from both within and outside the Company. In a more general sense, the NHFIL culture encourages sharing of information and opinions across the management hierarchy and among different businesses, functions and departments.

Monitoring

Monitoring ensures that controls are operating as intended and that they are appropriately modified in response to changing conditions. At NHFIL, this is achieved through a variety of measures including ongoing monitoring which occurs in the course of, and as a part of, day-to-day operations as well as separate management reviews, evaluations and periodic internal audits of various departments and business functions. A prudently designed management structure, clearly defined responsibilities, delegation of authorities, risk awareness, establishment of accountability at each level and a system of periodic reporting and performance monitoring represent the key elements of the internal control frame employed at NHFIL.

Review of the adequacy of the system of internal controls by Directors

In almost every Audit Committee meeting the issue of adequacy of the system of internal controls is a factor that is taken into consideration. The Audit Committee is responsible to the Board of Directors to ensure that the system of internal controls is adequate to protect against any type of fraud. The Committee has reviewed the corrective measures taken by management relating to fraud-forgery and deficiencies in internal control. The Audit Committee places all the compliance report before the Board of Directors and regulators on a timely basis and has performed all other oversight functions in relation to Internal Control System of the FI. In this way, the Directors review the adequacy of the system of internal controls.

Identification of key risks NHFIL is exposed to – both internally and externally

Risk is the element of uncertainty or the possibility of loss that prevails in any business transaction in any place, in any mode and at any time. Risk is an integral part of the financing business. Risk management entails the adoption of several measures to strengthen the ability of an organization to cope with the vagaries of the complex business environment in which it operates. NHFIL also considers guidelines for managing core risks of financial institutions issued by Bangladesh Bank, vide FID Circular No. 10 dated September 18, 2005 for management of risks and, more recently, DFIM Circular No. 03 dated 24 January 2016. A well-structured and proactive risk management system is in place within the Company to address risks relating to:

- Credit risk
- Asset and Liability-Balance Sheet Risk
- Internal Control and Compliance Risk
- IT security Risk

The new Integrated Risk Management Guidelines for Financial Institutions specify a number of additional risks that financial institutions are now required to manage and to report in a more structured manner. The key among these are:

Strategic risk

Strategic risk has been defined as the risk of potential losses that might arise from adverse business decisions, sub-standard execution and failure to respond adequately to changes in the business environment. The guidelines set out the respective roles of the Board of Directors, senior management and business units in managing strategic risks, identify the minimum steps to be followed in the strategic risk management process and also suggest measures for strategic risk control. NHFIL has been managing strategic risks ever since its inception. The culmination of all these efforts

are reflected in annual strategy and budget sessions, where the Company sets out its plans for the next year. With the introduction of the new guidelines, more changes will be made to the strategic risk management process as and when required.

Compliance risk

Compliance risk is defined as the current or prospective risk of legal actions and / or material financial losses that an organization may suffer as a result of its failure to comply with laws, its own regulations, code of conduct and standards of the best practice as well as from the possibility of incorrect interpretation of laws or regulations. The guidelines set out the respective roles of the Board, senior management and compliance function units in managing compliance risks and also require formulation of a written compliance risk management policy. Historically, NHFIL has always fostered a compliance-oriented culture. This has been reinforced in a variety of ways, ranging from formal requirements to sign declarations of compliance with the NHFIL Code of Conduct (requiring compliance with the laws and regulations) to ongoing communication from the senior management stressing the need to do business under the highest levels of compliance. In general, compliance risk management is embedded in the day-to-day management of business processes and practices of the Company. With the introduction of the Integrated Risk Management Guidelines, the overall management of compliance risk is reviewed and appropriately amended to ensure conformity with the guidelines.

Reputation risk

Reputation risk may be defined as the risk of loss arising from damages to an organization's reputation. The guidelines set out the respective roles of the Board and the senior management in managing reputation risk and also require financial institutions to implement a sound and comprehensive risk management process to identify, monitor, control and report all reputational risks. NHFIL has already established a set of non-financial reputational risk indicators and put in place a structured process for monitoring these and any other matters that might give rise to potential reputational risks. Till date, no material reputational risk issue involving the Company has been identified.

Environmental and social risk

NHFIL is focused on sustainability, shifting from the traditional financing approach. In this regard, the Company is strengthening 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 sanctioning a loan. A detailed discussion of these risks and the strategies adopted to manage and mitigate these are given in the Statement of Risk Management. The adequacy of the system of internal controls is reviewed by the Board of Directors as well.

Strategies adopted to manage and mitigate risks

NHFIL's Board of Directors acknowledges its overall responsibility for maintaining the adequacy and efficiency of the system of internal controls. The Board is of the view that the internal control framework is designed to manage the Company's risks within an acceptable risk profile, rather than completely eliminate the risk of failure to achieve the policies, goals and objectives of the Company. The Board therefore believes that it can provide only reasonable, rather than absolute, assurance regarding effectiveness against material misstatements of management and financial information or against financial losses and fraud.

In a nutshell, the National Housing adopted the following strategies to manage and mitigate the risk:

- Setting targets for capital ratios and capital composition
- Managing the balance sheet and the funding structure
- Determining general principles for measuring, managing and reporting the FI's risks
- Developing risk policies for business units
- Determining the overall investment strategy

ETHICS AND COMPLIANCE

Ethics and values

National Housing has an 'Employee Code of Ethics' – a framework of ethical behavior for all the employees of the organization.

The leaders/managers are required to exemplify the highest standards of conduct and ethical behavior. The leaders/managers are expected to:

- Lead according to National Housing standards of ethical conduct, in both words and actions.
- Create and maintain an environment where employees feel comfortable asking questions or reporting concerns.
- Be diligent in enforcing the FI's ethical standards and taking appropriate action if violations occur.
- Contact the Human Resources Division when in need of assistance.

The code of employee ethical behavior gives focus on the followings:

- Protecting Privacy of Customers' and Confidential Company Information,
- Preventing Money Laundering and/or Fraud,
- Avoiding Drug/ Substance/ Alcohol Abuse in the Workplace
- Protecting FI's assets
- Avoiding any conflict of interest etc.

The Board of Directors of National Housing has approved the 'Employee Code of Ethics' with a commitment to setting high ethical standards so that customers' expectations and interests are protected in a compliant manner.

The Board has a commitment to establish the highest levels of ethics and compliance. The NHFIL remains committed to upholding the highest standards of ethics and compliance by its employees. This commitment is reflected in its Code of Conduct that covers, among other issues, the following areas:

- Their relationship with and responsibilities to NHFIL.
- Their relationship with and responsibilities to customers.
- Compliance with laws and regulations.
- Acting in a professional and ethical manner.
- Protection of business assets.
- Disclosure of conflicts of interest.
- Prohibition of any conduct involving dishonesty, fraud, deceit or misrepresentation including insider trading.

Dissemination of the statement of ethics and business practices

All NHFIL employees are required to sign a declaration form confirming that they have read and understood the Code of Conduct. The Human Resources department circulates the required declaration, and ensures that all employees signed the declaration. The Internal Control and Compliance (ICC) department, through regular audits, assesses whether any employees have breached the Code of Conduct.

Board's commitment to establish high levels of ethics and compliance within NHFIL

The NHFIL's Board acknowledges its responsibility for ensuring that the Company's business activities are conducted in accordance with the highest standards of ethics and compliance. The Board views adherence to ethical standards and compliance as an integral part of the broader corporate governance framework and seeks to adopt a holistic approach in ensuring its implementation. As part of this, it has instituted a number of approaches to underline its commitment to high standards of ethical behaviour:

- Setting down standards of expected behaviour through the formulation and communication of a Code of Conduct.

- Installing a system of internal controls, which is reviewed, evaluated and updated on an ongoing basis.
- Positioning Company policies and procedures on ethical foundations to ensure that ethical considerations are integrated in the day-to-day decision-making, activities and processes.
- Establishing a clearly-defined organizational structure that assigns responsibility and authority for the conduct of organizational functions while at the same time ensuring accountability for individual actions.
- Establishing a variety of monitoring mechanisms including the creation and empowerment of an operationally independent internal audit team with reporting responsibilities to the audit committee.
- Ensuring instant action with zero tolerance for identified instances of unethical and/or non-compliant behaviour.

Existence of effective anti-fraud programs and controls through whistle-blower mechanism

In recent times, the Company has come to identify the risk of fraud as one of the emerging issues in the overall risk management framework. Planned anti-fraud initiatives include the introduction of a whistle-blower mechanism. A whistleblower policy has already been formulated and placed before the senior management for review and approval. Additionally, emphasis is placed on strengthening existing processes or activity levels and anti-fraud controls are embedded within the overall system of internal controls.

Employees are encouraged to report any wrong-doing within the FI. The Head of Internal Control and Compliance and Human Resources Divisions are the primary channel to report any incident. The Reporting channels offer the employees the opportunity to report while maintain their identity confidential. However, from experience National Housing understands that an effective whistleblowing policy demands for a shift in the culture. The National Housing has a division named Internal Control and Compliance Division which dedicatedly works to ensure effective controls mechanism in the entire business entity

REMUNERATION COMMITTEE

Roles of the Remuneration Committee

As per the Bangladesh Bank Circular Directors cannot be part of any committee except for Board Audit Committee and Board Executive committee. For this reason the Remuneration committee is fully comprised of the members of the management of NHFIL. The Head of Human Resources functions as the Secretary to the Committee.

The Roles and responsibilities of the Committee are the followings;

- Review the effectiveness of remuneration policy to ensure that whether the Board's set objectives and expectations are being met.
- Ensure that an effective remuneration policy, procedure and practice are in place, aligned with the organisation's strategy, and is applied consistently for all employee levels.
- Ensure that the structure and mix of fixed and variable pay and other elements are in alignment with the overall business objectives.
- Guide and give suggestion to HR team during preparation and review of any policy or process related to compensation and benefits.
- Ensure that all benefits, including retirement benefits and other financial arrangements, are justified, appropriately valued and promoting the performance based reward & recognition etc.

Composition of the Remuneration Committee

Remuneration Committee of NHFIL consists of three members. The Remuneration Committee comprises of Managing Director, a vice president and Head of HR.

Work conducted and meetings performed by the Committee

Meeting regarding overseeing the remuneration related policy by the Committee was held on need basis at a regular interval throughout the year. So, if any remuneration related issue needs committee's attention, it is placed as agenda for necessary review. However, if required, the meeting is held on need basis to review and discuss any remuneration related issue exclusively.

In addition to the regular roles and responsibilities, the Committee assist in formulation of Remuneration related policies and practices in alignment of the National Housing's short and long-term business objectives.

Remuneration of Directors, Chairman, Managing Director and Senior Executives

The Directors of the Board are paid only honorarium for attending Board or Committee meetings. For attending the Board Meeting, Audit Committee Meeting and Executive Committee Meeting, the Directors receive an honorarium of Tk. 8000.00 each. During 2019, the expenditures incurred related to directors' remuneration were Tk. 1.12 million and details of which is shown in the page no 149. Total remuneration to the Managing Director for the year 2019 is Tk. 7.6 million which is separately disclosed in the notes to the Financial Statements no 27. The total cost related to employee compensation is also shown in the notes no 24.02 of the financial statements.

HUMAN RESOURCE MANAGEMENT

Human Resource Development and Management

Employees are the key driving force of National Housing's continuous success. A group of motivated and engaged employees with diverse talents are the key asset of National Housing. National Housing is highly reputed in the market as an employer of choice. The FI has positioned itself with a performance-driven rewarding work culture; where employees are treated with respect and receive NHFIL considers its employees as the most precious capital of the organization that play the crucial role in materializing the mission, vision, goals and objectives of the Company.

To ensure long term sustainability, NHFIL has a special focus on skill and merit based recruitment and selection process, highly competitive remuneration package, adequate training and development programs, career growth with succession planning, high performance culture and pleasant working atmosphere.

COMMUNICATION TO SHAREHOLDERS & STAKEHOLDERS

Communication with shareholders and other stakeholders

NHFIL strongly believes that all stakeholders should have access to complete information on its activities, performance and product initiatives.

Communication through quarterly reports

The Company reports to its shareholders four times a year through quarterly and half-yearly reports and a detailed Annual Report.

Communication through AGM

All shareholders have the right to attend the Annual General Meeting where they can communicate with the directors and express views regarding the company's business.

Communication through website

The Company's website www.nationalhousingbd.com displays, inter-alia, the Annual Reports, half yearly reports, quarterly reports, monthly business reviews, product offerings, recent announcements, presentations and event updates.

Shareholder's participation in the AGM

All shareholders have the right to attend the Annual General Meeting where they can meet and communicate with the Directors and express their views regarding the Company's business, its future prospects and other matters of interest. The shareholders are always encouraged to attend the meetings or, if they are unable to attend, to appoint proxies.

Notice of the AGM is sent to the Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE), Bangladesh Securities and Exchange Commission (BSEC), online newspapers and print media. The notice of the AGM is also made available on the company website.

ENVIRONMENTAL AND SOCIAL OBLIGATIONS

Social and environmental responsibilities

At NHFIL, we believe in the concept of a sustainable business, one that integrates good governance, environmental issues and social concerns with its business strategies to maximize value for stakeholders. NHFIL's sustainability model is based on the 3P approach – People, Planet and Profit:

- People, our stakeholders with whom we engage for our business and the community where we live
- Planet, our surrounding environment and the planet
- Profit, our profit-generating capacity for long-term sustenance

Accordingly, NHFIL has aligned its CSR (Corporate Social Responsibility) initiatives to deliver on this commitment and aid community empowerment and responsible environmental management in a sustainable manner. At NHFIL, we are also focusing on Earth and its sustainability, shifting from the traditional financing approach.

Description of the Company's Policies and practices relating to social and environmental responsibility of National Housing:

In harmony with a natural and fresh environment, efficient use of reserves and appreciation for people's well-being and safety, National Housing is constantly working towards decreasing consumption of energy (especially electricity, water and gas) at its branches, removal of use of hazardous substances from its practices and reducing waste generation. National Housing is moving forward and thinking about implementing it more through the branches.

Bangladesh Bank has taken steps to inspire green banking in Bangladesh through the issuance of guidelines on green banking and Environmental Risk Management (ERM). It is always inspiring banks in lessening paper communications and fitting solar power system in branches and giving refinance to the solar energy, bio-gas and Effluent Treatment Plant (ETP) sectors at eased interest rates.

National Housing has always been committed to the environment and also been active in social activities throughout the year and will remain to do so in the future.

STATEMENT OF MANAGING DIRECTOR AND CFO REGARDING FINANCIAL STATEMENTS

A separate statement as to the fairness and presentation of the Financial Statements of the Company is given at page 105 of this report.

ANNUAL GENERAL MEETING (AGM)

NHFIL holds Annual General Meetings (AGM) in due time and ensures effective interaction with the shareholders at the AGMs. The directors pay special attention to explaining and satisfying the various queries raised by the shareholders at the AGMs.

The Company's operational outcomes and official news releases are displayed on the Company's website and on the websites of the Dhaka and Chittagong Stock Exchanges. The Company also publishes the news required to be published in national daily newspapers.

Resolutions passed at the previous AGM, i.e. 20th AGM held on 02nd May 2019

Details of the previous AGM are as follows:

Particulars	Date & Time Venue	Venue
20 th AGM	Thursday the 02 nd May 2019, at 11.00 a.m.	Eagle Hall, RAOWA Convention Hall, VIP Road, Mohakhali, Dhaka-1206

The matters approved of by the shareholders in the last AGM are as follows:

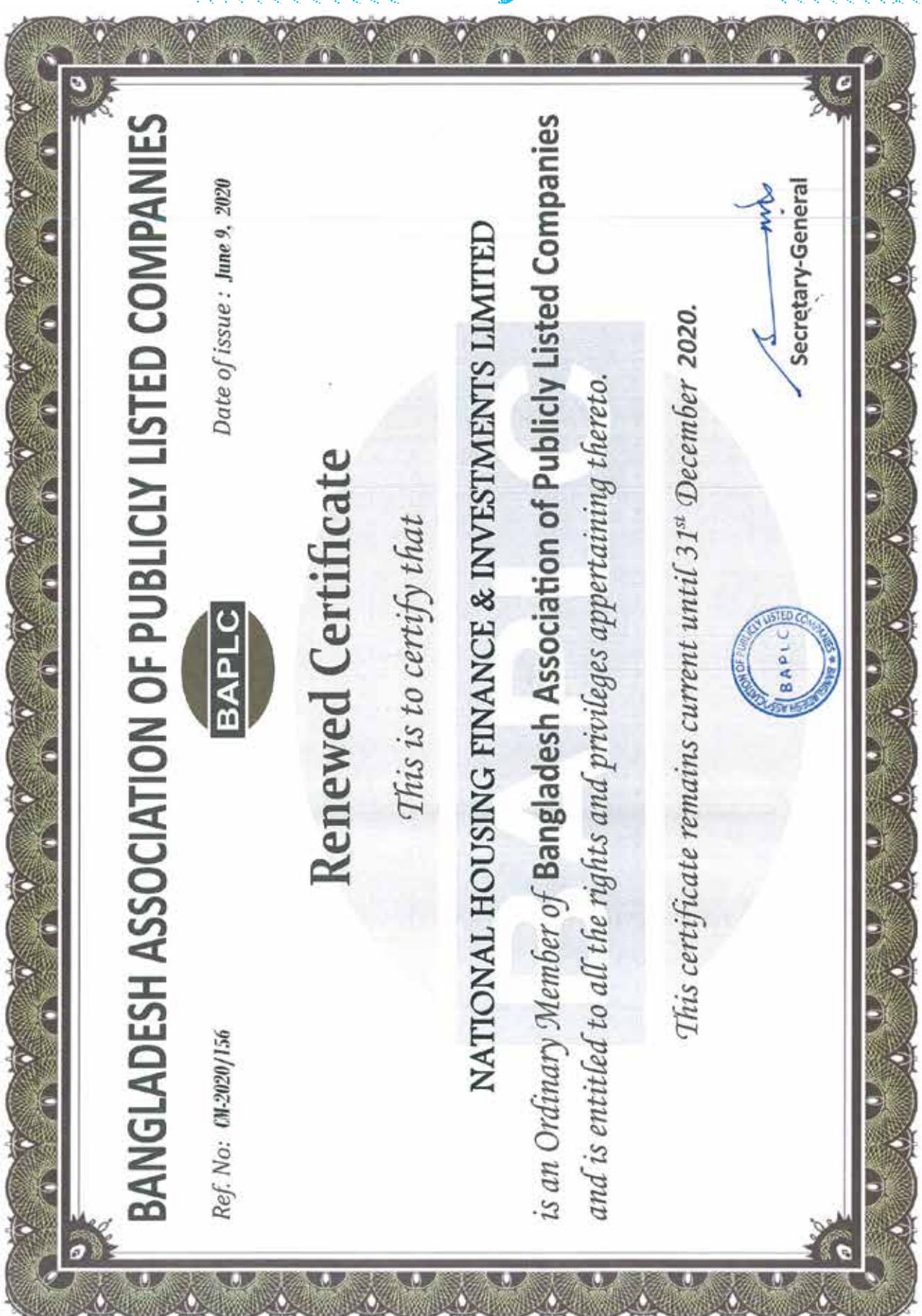
- Financial Statements for the year ended December 31, 2018;
- Dividend (Cash @ 10.00% & Stock @ 10.00%);
- Election/re-election of Directors: Directors who were eligible for re-election and expressed their interest to be elected as Directors in the 20th AGM are: Mr. Mahbubur Rahman representing Eastland Insurance Co. Ltd., Mr. M. Nurul Alam representing Shaw Wallace Bangladesh Ltd., Mr. Md. Kabir Reza, FCMA representing Square Pharmaceuticals Ltd.
- Appointment of Auditors: M/s Syful Shamsul Alam & Co., Chartered Accountants as external Auditor and M/s SA Rashid & Associates, Chartered Secretary as Compliance Auditor of the Company;

General Shareholders' Information for 21st AGM:

- Date : September 20, 2020; Time 12.00 noon.
- Venue: Digital platform.
- Virtual AGM link: www.digitalagmbd.net/NHFIL21AGM
- Financial Reporting Calendar : January 01, 2019 to December 31, 2019
- Date of Book Closure/Record date: 18 August, 2020.

Agenda to be discussed:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended December 31, 2019 together with reports of the Directors and Auditors thereon;
2. To declare dividend for the year ended December 31, 2019;
3. To elect/re-elect Directors in accordance with the relevant provisions of the Articles of Association of the Company and to confirm the appointment of Independent Director;
4. (a) To appoint Auditors and fix their remuneration for the year 2020;
(b) To appoint Compliance Auditor for the year 2020;
- Dividend Payment Date: The dividend if declared by the shareholders at the AGM shall be paid on or before October 19, 2020, i.e. within 30 days from the date of declaration.



BOARD MEETING AND ATTENDANCE OF DIRECTORS

During the year 2019, 10 meeting of the Board were held. Attendance of the Director is stated below:

Name of the Directors	Nominated by	Designation	Number of Meetings		Change During 2019
			Held	Attended	
Mr. Latifur Rahman	Bangladesh Lamps Ltd.	Chairman	10	00	
Mr. Mahbubur Rahman	Eastland Insurance Co. Ltd.	Director	10	10	
Mr. Akhtar Ahmed	Reliance Insurance Ltd.	Director	10	07	
Syed M. Altaf Hussain	Pragati Insurance Ltd.	Director	10	03	
Mr. Mumunil Haque Chowdhury	Borak Travels (Pvt.) Ltd.	Director	10	09	
Mr. Azmal Hossain	Eastern Insurance Co. Ltd.	Director	10	08	
Mr. M. Nurul Alam	Shaw Wallace Bangladesh Ltd.	Director	04	04	Resigned on 27.06.2019
Mr. Md. Kabir Reza, FCMA	Square Pharmaceuticals Ltd.	Director	10	10	
Dr. Toufic Ahmad Choudhury		Independent Director	09	08	Appointed on 04.02.2019
Mr. Kazi Mashihur Rahman		Independent Director	06	03	Appointed on 13.05.2019 & resigned on 30.10.2019
Mr. Imtiaz Mahmood		Independent Director	04	00	Tenure expired on 13.05.2019
Mr. Md. Khalilur Rahman		Managing Director (Ex-Officio member)	10	10	

EXECUTIVE COMMITTEE MEETING AND ATTENDANCE OF DIRECTORS

During the year 2019, 16 meeting of the EC were held. Attendance of the Director is stated below:

Name of the Directors	Nominated by	Designation	Number of Meetings		Change During 2019
			Held	Attended	
Mr. Md. Kabir Reza, FCMA	Square Pharmaceuticals Ltd.	Chairman	16	16	
Syed M. Altaf Hussain	Pragati Insurance Ltd.	Member	16	04	
Mr. Mumunil Haque Chowdhury	Borak Travels (Pvt.) Ltd.	Member	16	16	
Mr. M. Nurul Alam	Shaw Wallace Bangladesh Ltd.	Member	08	07	Resigned on 27.06.2019
Dr. Toufic Ahmad Choudhury	Independent Director	Member	08	08	Appointed on 27.06.2019
Mr. Md. Khalilur Rahman		Managing Director (Ex-Officio member)	16	16	

AUDIT COMMITTEE MEETING AND ATTENDANCE OF DIRECTORS

During the year 2019, 4 meeting of the Audit Committee were held.

Attendance of the Director is stated below:

Name of the Directors	Nominated by	Designation	Number of Meetings		Change During 2019
			Held	Attended	
Dr. Toufic Ahmad Choudhury	Independent Director	Chairman	04	04	No change
Mr. Md. Kabir Reza, FCMA	Square Pharmaceuticals Ltd.	Member	04	04	
Mr. Akhtar Ahmed	Reliance Insurance Ltd.	Member	04	01	
Mr. Azmal Hossain	Eastern Insurance Co. Ltd.	Member	04	03	
Mr. Md. Khalilur Rahman		Managing Director (Ex-Officio member)	04	04	

REMUNERATION PAID TO DIRECTORS INCLUDING INDEPENDENT DIRECTORS

(INCLUDING AIT EXCLUDING VAT) DURING THE YEAR 2019

Name of the Directors	Nominated by	Designation	Board Meeting	EC Meeting	Audit Committee Meeting	Total
Mr. Latifur Rahman	Bangladesh Lamps Ltd.	Chairman	-	-	-	-
Mr. Mahbubur Rahman	Eastland Insurance Co. Ltd.	Director	80,000	-	-	80,000
Mr. Akhtar Ahmed	Reliance Insurance Ltd.	Director	56,000	-	8,000	64,000
Syed M. Altaf Hussain	Pragati Insurance Ltd.	Director	24,000	32,000	-	56,000
Mr. Mumunil Haque Chowdhury	Borak Travels (Pvt.) Ltd.	Director	72,000	128,000	-	200,000
Mr. Azmal Hossain	Eastern Insurance Co. Ltd.	Director	64,000	-	24,000	88,000
Mr. M. Nurul Alam	Shaw Wallace Bangladesh Ltd.	Director	32,000	56,000	-	88,000
Mr. Md. Kabir Reza, FCMA	Bangladesh Lamps Ltd.	Director	80,000	128,000	32,000	240,000
Dr. Toufic Ahmad Choudhury		Independent Director	64,000	64,000	32,000	160,000
Mr. Kazi Mashihur Rahman		Independent Director	24,000	-	-	24,000
Mr. Imtiaz Mahmood		Independent Director	-	-	-	-
Mr. Md. Khalilur Rahman		Managing Director (Ex-Officio member)	N/A	N/A	N/A	N/A

PATTERN OF SHAREHOLDING AS ON DECEMBER 31, 2019

On the basis of shareholders types:

Group Name	No. of Shareholder(s)	No. of Share(s)	Percentage (%)
Company	124	11,954,319	10.21
General Public	4711	21,308,239	18.21
Investor Account (Omnibus)	125	1,485,667	1.27
Mutual Fund	1	200,000	0.17
NRB (Non Residential)	38	12,282	0.01
Sponsor Share	15	82,068,521	70.13
Unite Fund	1	2,172	0.00
Total	5015	117,031,200	100.00

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

Shareholding Range	Number of Shareholder(s)	No. of Shares	Percentage (%)
1-500	2,308	257,419	0.22
501-5000	1,903	3,442,257	2.94
5001-10000	326	2,320,396	1.98
10001-20000	240	3,402,339	2.91
20001-30000	70	1,742,082	1.49
30001-40000	31	1,083,942	0.93
40001-50000	20	926,922	0.79
50001-100000	44	3,188,183	2.72
100001-1000000	51	11,565,506	9.88
1000001 to above	22	89,102,154	76.14
Total	5,015	117,031,200	100.00

On the basis of Related Parties

A. Shareholding status of Parent/Subsidiary/Associated Companies and other related parties (Name wise details)

Sl. No	Name of Shareholder	Designation	No. of Share (s) held	Percentage (%)
1	Eastland Insurance Co. Ltd	Director	5,635,624	4.82%
2	Eastern Insurance Co. Ltd	Director	5,635,624	4.82%
3	Reliance Insurance Ltd	Director	5,635,624	4.82%
4	Pragati Insurance Ltd	Director	5,324,462	4.55%
5	Bangladesh Lamps Ltd.	Director	5,635,603	4.82%
6	Borak Travels (Pvt.) Ltd	Director	5,635,603	4.82%
7	Square Pharmaceuticals Ltd	Director	5,525,795	4.72%
8	National Bank Ltd	Sponsor	5,643,000	4.82%
9	United Commercial Bank Ltd	Sponsor	5,635,624	4.82%
10	IFIC Bank Ltd	Sponsor	5,288,910	4.52%
11	National Life Insurance Co. Ltd	Sponsor	5,635,624	4.82%
12	Sadharan Bima Corporation	Sponsor	5,635,604	4.82%
13	Jiban Bima Corporation	Sponsor	5,288,910	4.52%
14	Shaw Wallace Bangladesh Ltd	Sponsor	5,288,910	4.52%
15	HRC Bangladesh Ltd	Sponsor	4,623,604	3.95%

B. (i) Directors and their spouses and minor children (name wise details)

Sl.	Name of the Director/ Shareholder	Nominated by	Designation	No. of Share (s) held	Percentage (%)
1	Mr. Latifur Rahman	Bangladesh Lamps Ltd.	Chairman	Nil	Nil
2	Mr. Mahbubur Rahman	Eastland Insurance Co. Ltd.	Director	Nil	Nil
3	Mr. Akhtar Ahmed	Reliance Insurance Ltd.	Director	Nil	Nil
4	Syed M. Altaf Hussain	Pragati Insurance Limited	Director	Nil	Nil
5	Mr. Muminul Haque Chowdhury	Borak Travels (Pvt.) Ltd.	Director	Nil	Nil
6	Mr. Azmal Hossain	Eastern Insurance Co. Ltd.	Director	Nil	Nil
7	Mr. Md. Kabir Reza, FCMA	Square Pharmaceuticals Ltd.	Director	Nil	Nil
8	Dr. Toufic Ahmad Choudhury		Independent Director	Nil	Nil
9	Mr. Md. Khalilur Rahman		Managing Director (Ex-Officio member)	Nil	Nil

B. (ii) Shareholding Status of CFO, CS and Head of Internal Audit & their spouses & minor children (name wise details)

Sl. No	Name of the Executive	Designation	No. of Share(s) held	Percent (%)
1	Mr. Sayed Ahmed, FCMA	Chief Financial Officer	Nil	Nil
2	Mr. Md. Sarwar Kamal FCS	Company Secretary	Nil	Nil
3	Mr. Prabir Shel	Head of Internal Audit	Nil	Nil

C. Executive (Top five salaried persons other than CEO, CFO, CS & HIA)

Sl. No	Name of the Executive	Designation	No. of Share(s) held	Percent (%)
1	Mr. Shital Chandra Saha	SVP & Head of Operation	Nil	Nil
2	Mr. Md. Nazrul Islam	VP & Head of Motijheel Branch	Nil	Nil
3	Mr. Md. Abdul Baten	VP & Head of Recovery	Nil	Nil
4	Mr. Abu Naser Md. Ahad Sarkar	VP & Head of Bogura Branch	Nil	Nil
5	Mr. Mahbubur Rashid Al-Amin	VP & Head of Principal Branch	Nil	Nil

Annexure-C

Status of compliance with the conditions imposed by the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated 3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

(Report under Condition No. 9)

Condition No.	Title	Compliance Status (Put "V" in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1	BOARD OF DIRECTORS			
1.(1)	Board Size (number of Board members to be 5-20)	V		
1.(2)	Independent Directors			
1.(2).(a)	Number of Independent Directors [at least one-fifth]	V		
1.(2).(b)	Independent Director (ID) means a director:			
1. (2).(b).(i)	Holding no share or holding less than 1% shares	V		
1. (2).(b).(ii)	Not being a sponsor and connected with any sponsor or director or shareholder holding 1% or more shares	V		
1. (2).(b).(iii)	Who has not been an executive of the company	V		
1. (2).(b).(iv)	Does not have any other relationship	V		
1. (2).(b).(v)	Not a Member, Director or Officer of any Stock Exchange	V		
1. (2).(b).(vi)	Not a Shareholder, Director or Officer of any Member of Stock Exchange.	V		
1. (2).(b).(vii)	Not a partner of an Executive or was not a partner of an Executive during the preceding 3 (Three) years of the concerned Company's statutory audit firm.	V		
1. (2).(b).(viii)	Not an Independent Director in more than five (5) listed Companies.	V		
1. (2).(b).(ix)	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.	V		
1. (2).(b).(x)	Not convicted for a Criminal Offence	V		
1. (2).(c)	Appointment by the Board and approved in AGM	V		
1. (2).(d)	Post cannot remain vacant more than 90 days	V		
1. (2).(e)	Tenure of the Independent Director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only	V		
1. (3)	QUALIFICATION OF INDEPENDENT DIRECTOR			
1. (3).(a)	Independent Director shall be a knowledgeable individual	V		
1. (3). (b). (i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million			N/A
1. (3). (b). (ii)	Should be a Corporate Leader/Business Leader			N/A
1. (3). (b). (iii)	Former official of government.	V		
1. (3). (b). (iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law	V		
1. (3). (b). (v)	Professional Chartered Accountant/ Secretary or equivalent qualification.			N/A
1. (3). (c)	The independent director shall have at least 10(ten) years of experiences	V		

Condition No.	Title	Compliance Status (Put "V" in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1. (3). (d)	Relaxation in special cases			N/A
1. (4)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer			
1. (4). (a)	The posts of Chairman of the board and Chief Executive Officer are filled by different individuals.	V		
1. (4). (b)	The MD and CEO of a listed Company shall not hold the same position in another listed Company.	V		
1. (4). (c)	The Chairperson shall be elected from among the non-executive directors of the company	V		
1. (4). (d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director.	V		
1. (4). (e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	V		
1. (5)	The Directors' Report to Shareholders :			
1. (5). (i)	Industry outlook and possible future developments in the industry	V		
1. (5). (ii)	Segment-wise or product-wise performance	V		
1. (5). (iii)	Risks and concerns including internal and external risk factor.	V		
1. (5). (iv)	A discussion on Cost of Goods sold Gross profit Margin and Net Profit Margin.			N/A
1. (5). (v)	A discussion on continuity of any extraordinary activities and their implications (gain or Loss)			N/A
1. (5). (vi)	Basis for related party transactions-a statement of all related party transactions	V		
1. (5). (vii)	Utilization of proceeds from public issues, rights issues and/or through any others instruments			N/A
1. (5). (viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat public Offering(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)	Statement on remuneration to Directors including Independent Director	V		
1. (5). (xi)	The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity	V		
1. (5). (xii)	Proper books of account of the issuer company have been maintained	V		
1. (5). (xiii)	Appropriate accounting policies have been consistently applied in preparation to the financial statements and that the accounting estimates are based on reasonable and prudent judgment	V		
1. (5). (xiv)	International Accounting Statement (IAS) Bangladesh Accounting Standard (BAS) /International Financial Reporting standard (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.	V		
1. (5). (xv)	The system of internal control is sound in design and has been effectively implemented and monitored	V		

Condition No.	Title	Compliance Status (Put "V" in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1. (5). (xvi)	A statement that minority shareholders have been protected from abusive actions by, or indirectly and have effective means of redress	V		
1. (5). (xvii)	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	V		
1. (5). (xviii)	Significant deviations from the last year's operation results of the issuer company shall be highlighted and the reasons thereof should be explained			N/A
1. (5). (xix)	Key operating and financial data of at least preceding 5 (Five) years shall be summarized	V		
1. (5). (xx)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given			N/A
1. (5). (xxi)	Declaration that no stock div. paid as interim div.	V		
1. (5). (xxii)	The number of Board meetings held during the year and attendance by each Director shall be disclosed	V		
1. (5). (xxiii)	A report on the pattern of shareholding disclosing the aggregate (name wise details)			
1. (5). (xxiii).(a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details)	V		
1. (5). (xxiii).(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details)	V		
1. (5). (xxiii).(c)	Executives	V		
1. (5). (xxiii).(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details)	V		
1. (5). (xxiv)	In case of the appointment or re-appointment of a Director, a discloser on the following information to the shareholders;			
1. (5). (xxiv).(a)	In case of the appointment or re-appointment of a director-A brief resume of the director	V		
1. (5). (xxiv).(b)	Nature of his/her expertise in specific functional areas	V		
1. (5). (xxiv).(c)	Names of the companies in which the person also holds the directorship and the memberships of committees of the Board	V		
1. (5). (xxv)	A Management's Discussion and Analysis Report signed by CEO or MD presenting detailed analysis of the Company's position and operations along with a brief discussion of changes in the financial statements among others, focusing on:			
1. (5). (xxv).(a)	Accounting policies and estimation for preparation of financial statements	V		
1. (5). (xxv).(b)	Changes in accounting policies and estimation as well as cash flows on absolute figure for such changes			N/A
1. (5). (xxv).(c)	Comparative analysis and financial position as well as cash flow for current financial year with immediate preceding five years explaining reasons	V		
1. (5). (xxv).(d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario	V		
1. (5). (xxv).(e)	Briefly explain the financial and economic scenario of the country and the globe	V		

Condition No.	Title	Compliance Status (Put "V" in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1. (5). (xxv).(f)	Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	V		
1. (5). (xxv).(g)	Future plan or projection or forecast for company's operation, performance and financial position with justification thereof, i.e. actual position shall be explained to the shareholders in the next AGM	V		
1. (5). (xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A of the Code	V		
1. (5). (xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed	V		
1. (6)	Meeting related activities of the Board of Directors shall be complied under Bangladesh Secretarial Standards (BSS) in so far as those standards are not inconsistent with any condition of this Code	V		
1.(7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			
1. (7). (a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee(NRC)			The Board has laid down a code of conduct
1. (7). (b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior, rules and regulations , prohibition of insider trading, relationship with environment, employees, customers and suppliers, and independency.			The code of conduct as laid down by the board has been posted on the website
2	Governance of Board of Directors of Subsidiary Company			
2.(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company			N/A
2.(b)	One Independent Director of holding company also in the subsidiary company			N/A
2.(c)	Minutes of subsidiary company to be placed in the meeting of holding company			N/A
2.(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company			N/A
2.(e)	The Audit Committee of the holding company shall also review the financial statements in particular the investments made by the subsidiary company			N/A
3	Managing Director (MD) or Chief Executive Officer, Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)			
3.(1)	Appointment			
3.(1).(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer, a Company Secretary (CS), Chief Financial Officer(CFO), and Head of Internal Audit and Compliance (HIAC)	V		
3.(1).(b)	The positions of the MD,CEO,CS,CFO,HIAC shall be filled by different individuals	V		

Condition No.	Title	Compliance Status (Put "V" in the appropriate column)		Remarks (if any)
		Complied	Not complied	
3.(1).(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time	V		
3.(1).(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS	V		
3.(1).(e)	The MD or CEO, CS, CFO, and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the commission and stock exchange			N/A
3.(2)	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board	V		
3.(3)	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)			
3.(3).(a).(i)	The statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading	V		
3.(3).(a).(ii)	The statements together present a true and fair view of the company's affairs and are in compliance	V		
3.(3).(b)	The MD or CEO and CFO to certify on due diligence in the Report	V		
3.(3).(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report	V		
4	Board of Directors' Committee			
4.(i)	Audit Committee	V		
4.(ii)	Nomination and Remuneration Committee			As per Bangladesh Bank DFIM Circular Letter No. 07 Dt: 25.09.2007, FI's are allowed to form only Audit Committee & Executive Committee as the sub-committee of the Board
5	Audit Committee			
5.(1)	Responsibility to the Board of Directors			
5.(1).(a)	The company shall have an Audit Committee as a sub-committee of the Board	V		
5.(1).(b)	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	V		
5.(1).(c)	The Audit Committee shall report on its activities to the Board of Directors	V		

Condition No.	Title	Compliance Status (Put "V" in the appropriate column)		Remarks (if any)
		Complied	Not complied	
5.(2)	Constitution of the Audit committee			
5.(2).(a)	The Audit Committee shall be composed of at least 3 (three) members	V		
5.(2).(b)	The Board appoint members of the Audit Committee who shall be non-executive Directors	V		
5.(2).(c)	All members of the Audit Committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experience	V		
5.(2).(d)	When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office until expiration of the term of service appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month			N/A
5.(2).(e)	The Company Secretary shall act as the Secretary of the Audit Committee	V		
5.(2).(f)	The quorum of Audit Committee meeting shall not constitute without at least 1 (One) independent director	V		
5.(3)	Chairperson of the Audit Committee			
5.(3).(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee who will be ID.	V		
5.(3).(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson			N/A
5.(3).(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM)	V		
5.(4)	Meeting of the Audit Committee			
5.(4).(a)	The Audit Committee shall conduct at least its four meetings in a financial year	V		
5.(4).(b)	The quorum of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee whichever is higher	V		
5.(5)	Role of Audit Committee			
5.(5).(a)	Oversee the financial reporting process	V		
5.(5).(b)	Monitor choice of accounting policies and principles	V		
5.(5).(c)	Internal Audit and Compliance process to ensure that it is adequately resourced	V		
5.(5).(d)	oversee hiring and Performance of external auditors	V		
5.(5).(e)	Hold meeting on annual financial statements before submission to the Board for approval or adoption	V		
5.(5).(f)	Review the annual financial statements before submission to the Board for approval	V		
5.(5).(g)	Review the Quarterly and half yearly financial statements before submission to the Board for approval	V		
5.(5).(h)	The review adequacy of internal audit function	V		
5.(5).(i)	Review the management's Discussion and Analysis before disclosing in the Annual Report	V		
5.(5).(j)	Review statement of all related party transactions submitted by the management	V		

Condition No.	Title	Compliance Status (Put "V" in the appropriate column)		Remarks (if any)
		Complied	Not complied	
5.(5).(k)	Review management letters or letter of Internal Control weakness issued by statutory auditors	V		
5.(5).(l)	Oversee determination of audit fees based on scope and magnitude	V		
5.(5).(m)	Oversee whether IPO proceeds utilized as per the published Prospectus			N/A
5.(6)	Reporting of the Audit Committee			
5.(6).(a)	Reporting to the Board of Directors			
5.(6).(a).(i)	The Audit Committee shall report on its activates to the Board	V		
5.(6).(a).(ii)	The Audit Committee shall immediately report to the Board on the following findings, if any:			
5.(6).(a).(ii).(a)	Report on conflicts of interests			N/A
5.(6).(a).(ii).(b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process.			N/A
5.(6).(a).(ii).(c)	Suspected infringement of laws, regulatory compliance including securities related laws, relies and regulation			N/A
5.(6).(a).(ii).(d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately			N/A
5.(6).(b)	Reporting to the Authorities			N/A
5.(7)	Reporting to the Shareholders and General Investors	V		
6	Nomination and Remuneration Committee (NRC)			
6.(1)	Responsibility to the Board of Directors			As given in condition 4(ii) of the above
6.(1).(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a subcommittee of the Board			"
6.(1).(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications			"
6.(1).(c)	The Terms of Reference of the NRC shall be clearly set forth in writing covering the areas stated at the condition			"
6.(2)	Constitution of the NRC			
6.(2).(a)	The Committee shall comprise of at least three members including an independent director			"
6.(2).(b)	All members of the Committee shall be nonexecutive directors			"
6.(2).(c)	Members of the Committee shall be nominated and appointed by the Board			"
6.(2).(d)	The Board shall have authority to remove and appoint any member of the committee			"
6.(2).(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any another cases of vacancies the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee			"
6.(2).(f)	The Chairperson of the Committee may appoint or co-opt any external expert members			"

Condition No.	Title	Compliance Status (Put "V" in the appropriate column)		Remarks (if any)
		Complied	Not complied	
6.(2).(g)	The company secretary shall act as the secretary of the committee			"
6.(2).(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director			"
6.(2).(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium form the company			"
6.(3)	Chairperson of the NRC			
6.(3).(a)	The Board shall select 1 (One) member of the NRC to be Chairperson of the Committee			"
6.(3).(b)	The absence of chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting			"
6.(3).(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM)			"
6.(4)	Meeting of the NRC			
6.(4).(a)	The NRC shall conduct at least one meeting in a financial year			"
6.(4).(b)	The Chairperson of the NRC, may convene any emergency meeting			"
6.(4).(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee			"
6.(4).(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such mines shall be confirmed in the next meeting			"
6.(5)	Role of NRC			
6.(5).(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders			"
6.(5).(b).(i).(a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully			"
6.(5).(b).(i).(b)	The relationship of remuneration to performance is clear and meets appropriate performance			"
6.(5).(b).(i).(c)	The remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long term performance			"
6.(5).(b).(ii)	Devising a policy on Board's diversity taking into consideration age, experience etc.			"
6.(5).(b).(iii)	Identifying persons who are qualified the criteria laid down and recommend their appointment and removal to the Board.			"
6.(5).(b).(iv)	Formulating criteria for evaluation of performance of independent directors and the Board			"
6.(5).(b).(v)	Identifying company's needs for employees at different levels and determine their selection, transfer or replacement			"

Condition No.	Title	Compliance Status (Put "V" in the appropriate column)		Remarks (if any)	
		Complied	Not complied		
6.(5).(b).(vi)	Developing recommending and reviewing annually the company's human resources and training policies			"	
6.(5).(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report			"	
7	External or Statutory Auditors				
7.(1).(i)	External or Statutory Auditors shall not be engaged in Appraisal or valuation services or fairness opinions	V			
7.(1).(ii)	External or Statutory Auditors shall not be engaged in Financial information systems design and implementation	V			
7.(1).(iii)	External or Statutory Auditors shall not be engaged in Book- keeping or other service related to the accounting records	V			
7.(1).(iv)	External or Statutory Auditors shall not be engaged in Broker –dealer services	V			
7.(1).(v)	External or Statutory Auditors shall not be engaged in Actuarial services	V			
7.(1).(vi)	External or Statutory Auditors shall not engage Internal audit services	V			
7.(1).(vii)	External or Statutory Auditors shall not be engaged in any services that the Audit Committee may determine	V			
7.(1).(viii)	External or Statutory Auditors shall not be engaged in Certification services on compliance of corporate governance	V			
7.(1).(ix)	External or Statutory Auditors shall not be engaged in any other service that may create conflict of interest	V			
7.(2)	No partner or employees of the External or Statutory Auditors audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company	V			
7.(3)	Representative of External or Statutory Auditors shall remain present in the Shareholders Meeting (Annual General Meeting or Extraordinary General Meeting)	V			
8	Maintaining a website by the company				
8.(1)	The company shall have an official website linked with that of the stock exchange	V			
8.(2)	The company shall keep the website functional from the date of listing	V			
8.(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchanges	V			
9	Reporting and Compliance of Corporate Governance				
9.(1)	The company shall obtain a certificate from a practicing professional firm on yearly basis regarding compliance of conditions of Corporate Governance and such certificate shall be disclosed in the Annual Report	V			
9.(2)	The professional who will provide the certificate on compliance of Corporate Governance shall be appointed by the Shareholders in the Annual General Meeting	V			
9.(3)	The directors of the company shall state, in accordance with the Annexure-C of the code attached, in the directors report whether the company has complied with these conditions	V			

Management Discussion & Analysis Report



On the basis of the Corporate Governance Code, 2018 the management of NHFIL has prepared the following analysis in relation to the company's position and operations along with brief discussion of changes in the financial statements among others, focusing on:

1. World economy review

Global growth this year recorded its weakest pace since the global financial crisis a decade ago, reflecting common influences across countries and country-specific factors.

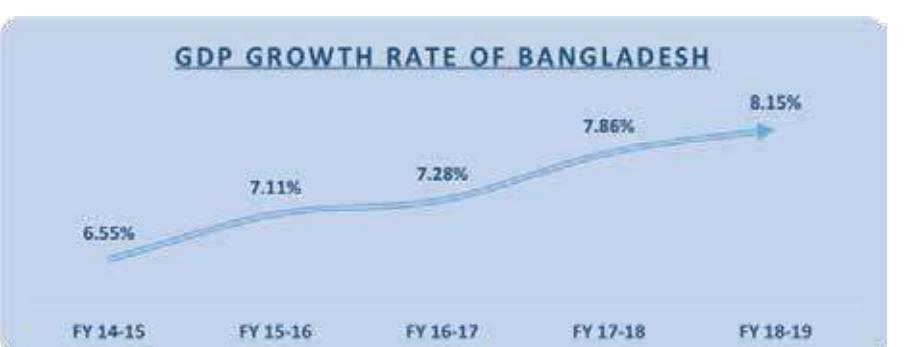
Geopolitical tensions, social unrest, uncertainty regarding trade policies and natural disasters in several countries continued to put pressure on the global economic activities in 2019, thereby leading to decline in global growth. Despite the global economy making strong recovery in the past few years, the global GDP growth came down to 3.0% in 2019 compared to 3.6% in the year 2018. However, the global GDP is expected to pick up momentum and reach around 3.3% in 2020 and 3.4% in 2021 estimating higher growth in developing economy.

GDP growth in advanced economies is expected to stand at 1.6% in both 2020 and 2021 against 1.7% in 2019. On the other hand, GDP growth in the emerging market and developing economy growth is expected to increase to 4.4% in 2020 and 4.6% in 2021 from 3.7% in 2019.

2. Bangladesh economy review

GDP Growth

Bangladesh achieved a record high GDP growth of 8.15 percent in FY19, which is the highest in the South Asian Region. The robust growth was led by both domestic and external demand reflected in 10.5 percent growth in export and 9.6 percent growth in remittance. According to the Bangladesh Bureau of Statistics (BBS), real GDP recorded a growth of 8.15 percent in FY19, which was higher than 7.86 percent growth recorded in FY18. Measured at current market prices, the GDP of Bangladesh in FY19 was estimated at Taka 25,424.8 billion which was 13.0 percent higher than that of FY18.



The per capita GDP is estimated to have been Tk. 66,795.1 in FY19. This robust growth was mainly propelled by the industry and service sectors' growth. As the key sectors, industry, services and agriculture grew by 12.7, 6.8, and 3.9 percent respectively. Besides, political stability, improved power supply and favorable weather for crops production and higher growth in industrial sector also supported the growth.

3. Comparative financial performances with the peer industry

Housing Finance Industry

The banking sector is now playing a dominant role in the housing sector. In recent years, significant changes have taken place in total housing loan portfolios. An overall positivity, propelled by a combination of factors, is expected to push growth in the housing finance industry over the long term. The Government is also continuously strengthening its focus on its "Housing for all" mission. According to this mission, Government Employees are getting house loan @5.00% (with a Govt. subsidy of 5.00%). Above all a boost to the affordable housing sector will definitely drive the affordable housing finance industry.

The Non bank financial institution industry is marked by high levels of competition with 34 NBFIs operating in the space. The major housing loan providers are commercial banks, BHFC, DBH, NHFIL, IDLC and other few NBFIs. But NHFIL is doing much better and also disburse a huge amount of money in real estate sector.

NHFIL continued keeping pace outperforming the industry in 2019 in terms of growth of different performance and financial position measures. The movement of growth can be seen by comparing financial data of NHFIL with industry's financial information.

Particulars	NHFIL	Average of Top Five NBFIs (In terms of Asset Size)
Total Asset (MN Taka)	18,240	73,795
Total Equity	1,892	8,327
HML Loan Portfolio (MN Taka)	12,516	57,311
Operating Income	589	2,551
Net Profit	237	819
NPL Ratio	5.16%	2.56%
Cumulative Written off loan amount (MN Taka)	299	962
ROA (Annualized)	1.21%	1.00%
ROE (Annualized)	12.96%	10.26%

Notes:

- For the 9 months ending September 30, 2019 except NPL ratio & written off (as on Dec 31, 2018) full year data is not publicly available for all companies yet.
- Excluding Investment Corporation of Bangladesh (ICB), IDCOL & Reliance Finance.

The industry is still burdened with an alarming rate of non-performing loans (NPLs) that make funds costlier and operations riskier. NHFIL has achieved moderate level of NPL. Most significantly, NHFIL has tightened its belt and taking coordinated steps to gear up recovery efforts to hold NPL volume to a level where requirements for financial provisions against such loans could be saddled up to a bare minimum with lesser impact on profitability.

The rising trend and volume of written-off loans of NBFIs indicate lack of due diligence while sanctioning credits. In order to reflect the actual position of classified loan, written off loan must be added to the existing amount of classified loan. There is a relationship between NPL and written off loan, if the loan had not been written off, the NPL ratio would have reached too much higher level.

Among all financial institutions & local banks of Bangladesh NHFIL has been rated long term 'A1' credit rating for the last five 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.

4. Comparative analysis of financial performance and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof

The financial year 2018 has been challenging one with an operating environment, constrained margins and rate volatility both deposits and loans rate. However, we have managed to end the year with satisfactory results.

Considering our management excellence in understanding the home loan business and specialization in human capital, we are pleased with the progress of the company. The following DuPont analysis contains in-depth financial performances, dissecting our current year's results.

Comparative analysis of financial performance

Particulars	2019	2018	2017	2016	2015
Interest Income	2,051.84	1,995.67	1,392.63	1,187.79	1,027.27
Profit After Tax	236.81	275.77	255.15	243.77	230.96
Asset	18,239.70	20,978.67	16,163.20	12,250.39	8,824.10
Equity	1,892.13	1,761.71	1,700.60	1,636.96	1,574.06
Profit Margin	11.41%	13.60%	17.70%	19.84%	21.57%
Asset Turnover	10.46%	10.75%	9.80%	11.27%	13.10%
Financial Leverage	10.73	10.73	8.51	6.56	5.10
Return on Equity	12.96%	15.60%	15.29%	15.18%	15.01%

Highlights of Key Strengths (DuPont Analysis)

Despite facing numerous external challenges, NHFIL fared well in 2019 in terms of liquidity, solvency and profitability. Our focus has been on improving asset quality, recovering classified loans, enhancing service excellence and rationalizing costs. The underlying reasons behind this year's financial performance has been noted below:

Interest Income (+2.81%)

Company's interest income, mostly from home loans, increased by 2.81% (BDT 2,051.84 million) mainly for following reason:

Loans and advances grew by 9.00% to BDT 13,618.14 million at year-end 2019 characterized by a positive turnaround of 2019 which eventually affected the average loan balances. Efficient management of interest rate risk management ensured attractive growth of interest income in 2019

Interest Expense (+10.56%)

Company's interest expense on deposit and borrowing increased by 10.56% (BDT 1,486.02 million) primarily due to following reason:

Interest expense on deposit increased by 12.35% to BDT 1,366.28 million in 2019 compared to previous year. Bank and FI industry faced a sudden shortage of liquid funds in 2019 which forced banks and FIs to collect deposit at higher rate. As a result, the average cost of deposit increased to 10.31% as on December 2019 compared to the previous year.

Net Operating Profit (-23.45%)

Due to higher growth of operating expenses (14.79%) and lower growth of operating income (13.92%), Net operating profit of the company decreased by 23.45% and reached at BDT 390.62 million in 2019.

Profit after Tax (-14.13%)

Eventually, the profit after tax of the company decreased by 14.13% and stands at BDT 236.81 million due to the factors mentioned above. As a result, our earnings per share (EPS) in 2019 have also decreased to BDT 2.02 (BDT 2.36 in 2018).

Profit Margin

There is a satisfactory profit margin consistently in the last 6 years. Consistent Profit margin achieved by increasing interest income and reducing costs.

Profit Margin



Return on Equity

Average Return on Equity has been consistently more or less over 14.70% in the last 6 consecutive years. There are three major financial metrics that drive return on equity (ROE) of NHFIL: operating efficiency, asset use efficiency and financial leverage. Though faced with numerous challenges, NHFIL has been able to make highest average ROE compared to major competitors in the industry.

Return on Equity



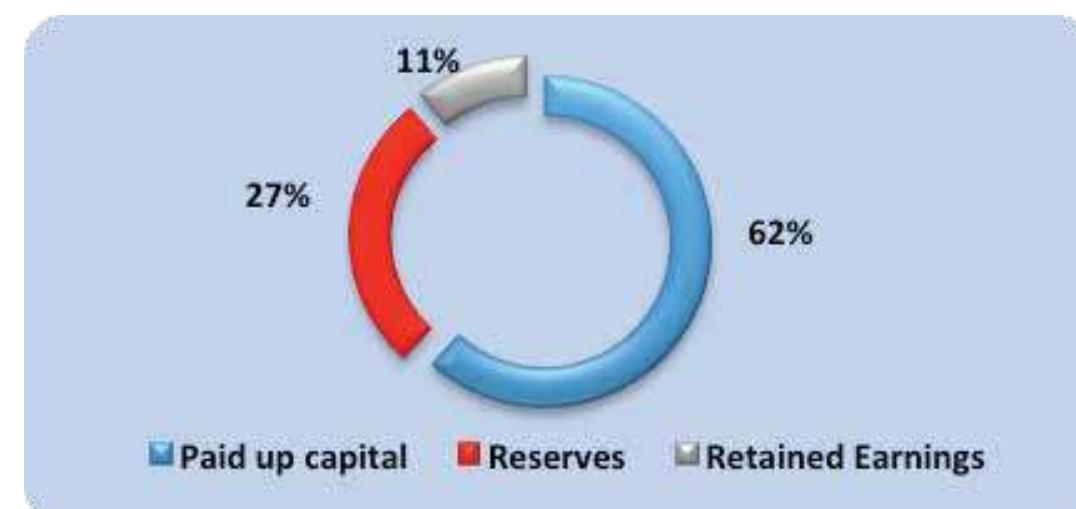
Outlook

Interest rates volatility during the year appears to have calmed down at the end and expected to have within this range going forward as banks have already more or less adjusted their Advance to deposit (A/D) ratio.

Capital Adequacy Ratio

NHFIL has been maintaining the healthy CAR since long to comply with the Bangladesh Bank's Prudential Guideline on Capital Adequacy and Market Discipline for FIs.

Shareholders' Funds-2019



Earnings per share (BDT)



The earnings per share of the company has decreased to Tk. 2.02 in 2019 from Tk. 2.36 in 2018, with a negative growth of 14.41%.

Cash Flow Analysis

Particulars	2019	2018	2017	2016	2015
i) Net cash flows from operating activities	(3,515.98)	2,777.07	2,111.12	1,625.37	294.91
ii) Net cash used in investing activities	(94.43)	(1.94)	(59.94)	(216.20)	(63.37)
iii) Net cash used in financing activities	(237.67)	(162.23)	(519.38)	(49.94)	(247.77)
iv) Net increase /(decrease) in cash and cash equivalents (i+ii+iii)	(3,848.08)	2,612.90	2,570.56	1,359.23	(16.23)
v) Cash and cash equivalents at the beginning of the year	7,639.75	5,026.86	2,456.30	1,097.07	1,113.30
vi) Cash and cash equivalents at the end of the year (iv+v)	3,791.67	7,639.75	5,026.86	2,456.30	1,097.07

Cash Flow from Operating Activities

Cash raised/ (payment) from operating activities before changes in operating assets and liabilities by BDT (3,515.98) mn in 2019 due to more disbursement of deposit along with interest.

Cash Flow from financing activities

The company paid BDT 106.39 mn as cash dividend in the year 2019 for the year ended on December 2018.

Overall scenario

The cash and cash equivalent balance of the company rose to Tk. 3,791.68 mn in 2019 compared to Tk. 7,639.75 mn in 2018.

5. Accounting policies and estimation for preparation of financial statements

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 International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS), 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, Bangladesh Bank's guidelines, circulars, notifications and any other requirements are given preference to IAS and IFRS, where any contradictions arises. 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.

NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED

Balance Sheet (Horizontal Analysis)

As at December 31, 2019

	2019	2018	2017	2016	2015
Property and Assets					
Cash:					
In hand (including foreign currencies)	-11.28%	42.90%	43.28%	16.92%	100%
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	100.82%	51.17%	65.47%	28.16%	100%
100.78%	51.16%	65.46%	28.15%	100%	
Balance with banks and other financial institutions:					
In Bangladesh	264.86%	668.82%	397.10%	136.62%	100%
Outside Bangladesh	-	-	-	-	-
264.86%	668.82%	397.10%	136.62%	100%	
Money at call and on short notice					
Investments:					
Government	-	-	-	-	-
Others	49.31%	57.35%	60.02%	-0.33%	100%
49.31%	57.35%	60.02%	-0.33%	100%	
Loans and advances:					
Loans, cash credits, overdrafts etc.	84.59%	69.12%	40.14%	22.56%	100%
Bills purchased and discounted	-	-	-	-	-
84.59%	69.12%	40.14%	22.56%	100%	
Fixed assets including premises, furniture and fixtures					
Other assets	1001.66%	700.79%	722.63%	724.60%	100%
Non-banking assets	69.14%	102.17%	71.91%	69.47%	100%
106.70%	137.74%	83.17%	38.83%	100%	
Total Assets					
Liabilities and capital					
Liabilities:					
Borrowing from other banks, financial institutions and agents	85.37%	100.31%	95.77%	14.89%	100%
Deposits and other accounts:					
Current accounts and other accounts etc.	-	-	-	-	-
Bills payable	-	-	-	-	-
Savings bank deposits	-53.30%	100.00%	0.00%	0.00%	100%
Fixed deposits	70.35%	43.99%	39.79%	15.62%	100%
Bearer certificate of deposits	-	-	-	-	-
Other deposits	-54.64%	-53.03%	-48.90%	-28.40%	100%
138.58%	190.88%	110.17%	52.70%	100%	
79.76%	59.58%	31.06%	37.44%	100%	
125.48%	165.06%	99.48%	46.39%	100%	
Total Liabilities					
Capital/Shareholders' equity:					
Paid up capital	10.00%	0.00%	0.00%	0.00%	100%
Statutory reserve	64.92%	49.72%	32.02%	15.65%	100%
Retained earnings	4.73%	16.48%	13.48%	7.13%	100%
20.21%	11.92%	8.04%	4.00%	100%	
Total Shareholders' equity					
Total liabilities and Shareholders' equity	106.70%	137.74%	83.17%	38.83%	100%

NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED

Profit and Loss Account (Horizontal Analysis)

For the year ended December 31, 2019

	2019	2018	2017	2016	2015
Interest Income	100%	94%	36%	16%	100%
Interest paid on deposits, borrowings etc.	187%	160%	57%	21%	100%
Net interest income	11%	28%	13%	10%	100%
Investment Income	54%	20%	-125%	16%	100%
Commission, exchange and brokerage	-95%	-59%	-45%	54%	100%
Other operating income	-45%	-26%	-21%	-3%	100%
Total operating income	-47%	-25%	11%	-6%	100%
Salaries and allowances	128%	79%	54%	31%	100%
Rent, taxes, insurance, electricity etc.	53%	29%	15%	-6%	100%
Legal expenses	385%	148%	185%	285%	100%
Postage, stamps, telecommunication etc.	-38%	-45%	5%	6%	100%
Stationery, printing, advertisement etc.	-33%	32%	17%	2%	100%
Managing Director's salary and fees	72%	72%	36%	36%	100%
Directors' fees and expenses	1%	75%	75%	95%	100%
Auditors' fees	53%	53%	53%	53%	100%
Charges on loan losses	-	-	-	-	-
Depreciation and repairs to assets	292%	166%	170%	161%	100%
Other expenses	92%	98%	79%	32%	100%
Total operating expenses	95%	69%	51%	31%	100%
Profit/ (Loss) before provisions	-13%	13%	5%	4%	100%
Provisions for:					
Loans, advances and leases	-149%	-2%	-22%	13%	100%
Diminution in value of investments	589%	300%	133%	-243%	100%
Others	145%	336%	-113%	211%	100%
Total provisions	-95%	25%	-14%	0%	100%
Total profit/(loss) before taxation	-2%	12%	7%	5%	100%
Provisions for taxation					
Current	-15%	-4%	-3%	5%	100%
Deferred	741%	121%	655%	-7515%	-
Net Profit/(loss) after taxation	3%	19%	10%	6%	100%
Earnings per share	3%	19%	10%	6%	100%

NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED

Balance Sheet (Vertical Analysis)

As at December 31, 2019

	2019	2018	2017	2016	2015
Property and Assets					
Cash:					
In hand (including foreign currencies)	0.00%	0.00%	0.00%	0.00%	0.00%
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	1.42%	0.93%	1.32%	1.35%	1.46%
Balance with banks and other financial institutions:					
In Bangladesh	19.37%	35.49%	29.78%	18.70%	10.97%
Outside Bangladesh	-	-	-	-	-
	19.37%	35.49%	29.78%	18.70%	10.97%
Money at call and on short notice					
Investments:					
Government	-	-	-	-	-
Others	0.68%	0.62%	0.82%	0.67%	0.94%
Loans and advances:					
Loans, cash credits, overdrafts etc.	73.99%	58.94%	63.39%	73.14%	82.85%
Bills purchased and discounted	-	-	-	-	-
	73.99%	58.94%	63.39%	73.14%	82.85%
Fixed assets including premises, furniture and fixtures					
Other assets	1.72%	1.09%	1.45%	1.92%	0.32%
Non-banking assets	2.83%	2.94%	3.25%	4.22%	3.46%
Total Assets	100.00%	100.00%	100.00%	100.00%	100.00%
Liabilities and capital					
Liabilities:					
Borrowing from other banks, financial institutions and agents	8.93%	8.39%	10.65%	8.24%	9.96%
Deposits and other accounts:					
Current accounts and other accounts etc.					
Bills payable	20.94%	38.99%	24.31%	16.90%	0.00%
Savings bank deposits	51.61%	37.93%	47.79%	52.15%	62.62%
Fixed deposits	-	-	-	-	-
Bearer certificate of deposits	0.06%	0.06%	0.08%	0.15%	0.29%
Other deposits	72.62%	76.98%	72.19%	69.20%	62.92%
Other liabilities					
Total Liabilities	8.07%	6.23%	6.64%	9.19%	9.28%
Capital/Shareholders' equity:					
Paid up capital	6.42%	5.07%	6.58%	8.68%	12.06%
Statutory reserve	2.82%	2.22%	2.55%	2.94%	3.53%
Retained earnings	1.14%	1.10%	1.39%	1.74%	2.25%
Total Shareholders' equity	10.37%	8.40%	10.52%	13.36%	17.84%
Total liabilities and Shareholders' equity	100.00%	100.00%	100.00%	100.00%	100.00%

NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED

Profit and Loss Account (Vertical Analysis)

For the year ended December 31, 2019

	2019	2018	2017	2016	2015
Interest Income	98.88%	98.39%	96.63%	96.67%	95.93%
Interest paid on deposits, borrowings etc.	71.62%	66.27%	56.53%	50.90%	48.33%
Net interest income	27.27%	32.12%	40.10%	45.77%	47.60%
Investment Income	0.21%	0.38%	1.50%	0.65%	0.90%
Commission, exchange and brokerage	0.00%	0.00%	0.01%	0.02%	0.01%
Other operating income	0.90%	1.23%	1.87%	2.66%	3.16%
Total operating income	1.12%	1.61%	3.37%	3.33%	4.07%
	28.38%	33.73%	43.47%	49.10%	51.67%
Salaries and allowances	6.15%	4.95%	6.00%	5.98%	5.24%
Rent, taxes, insurance, electricity etc.	0.56%	0.49%	0.61%	0.58%	0.71%
Legal expenses	0.19%	0.10%	0.16%	0.26%	0.08%
Postage, stamps, telecommunication etc.	0.10%	0.09%	0.23%	0.28%	0.30%
Stationery, printing, advertisement etc.	0.48%	0.98%	1.22%	1.25%	1.40%
Managing Director's salary and fees	0.37%	0.38%	0.42%	0.49%	0.41%
Directors' fees and expenses	0.05%	0.10%	0.14%	0.18%	0.10%
Auditors' fees	0.01%	0.01%	0.02%	0.02%	0.02%
Charges on loan losses	-	-	-	-	-
Depreciation and repairs to assets	0.76%	0.53%	0.76%	0.86%	0.38%
Other expenses	0.75%	0.79%	1.01%	0.87%	0.75%
Total operating expenses	9.43%	8.40%	10.56%	10.76%	9.39%
Profit/ (Loss) before provisions	18.95%	25.33%	32.92%	38.34%	42.27%
Provisions for					
Loans, advances and leases	-1.16%	2.35%	2.63%	4.48%	4.54%
Diminution in value of investments	1.16%	0.69%	0.57%	-0.41%	0.33%
Others	0.12%	0.22%	-0.01%	0.26%	0.10%
Total provisions	0.13%	3.26%	3.18%	4.34%	4.96%
Total profit/(loss) before taxation	18.83%	22.07%	29.73%	34.00%	37.31%
Provisions for taxation					
Current	-7.26%	-8.43%	-12.00%	-14.47%	-15.74%
Deffered	-0.15%	-0.04%	-0.03%	0.30%	0.00%
Net Profit/(loss) after taxation	-7.41%	-8.47%	-12.03%	-14.17%	-15.74%
	11.41%	13.60%	17.70%	19.84%	1.57%

6. Changes in accounting policies and estimation

The principle accounting policies had been consistently maintained since inception of the Company except the changes in the Depreciation Method from Straight Line Method to Reducing Balance Method. The Board of Directors approved the changes (Depreciation Method) in the accounting policies on June 29, 2011. Thus, the cost of the fixed asset is recovered through charging in Profit & Loss Account within a reasonable time.

During the year under consideration, the Company has not adopted any change in the accounting policies and estimates.

7. Risk and concerns as well as the mitigation plan related to the financial statements

NHFIL 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 have been described at notes 3.13 of the Financial Statements on page no. 128 of this annual report.

8. Future plan for Company's operation, performance and financial position with justification thereof

Company is planning to continue its operation with a steady outlook. Considering the market condition, NHFIL planned its Annual Business Plan for the year 2020, where the total disbursement target is projected to Tk.4,000 mn which is 56.63% more than the disbursement figure of 2019.

The Company expects to maintain healthy returns to its shareholders in line with previous years.

Conclusion

Considering the overall situation, our efforts at enhancing our capability to anticipate key trends through various stakeholder engagement programs, combined with constant reviewing of our operating environment and the competitive landscape help us utilized and transform our capitals for value creation. Our ability to meet and exceed customer expectations with the right set of execution strategies, ensure quicker loan disbursement (for those who are eligible and our willingness and capacity to help them navigate through their business challenges has ensured that we remain one of Bangladesh's most respected and trusted Financial Institution).

Md. Khalilur Rahman

Managing Director

Dated July 23, 2020

National Housing Finance and Investments Limited

Disclosures under Pillar-III Market Discipline

A) Scope of Application

Qualitative Disclosures:

- a) These guidelines apply to National Housing Finance and Investments Limited.
- b) NHFIL has no subsidiary companies.
- c) Not Applicable

Quantitative Disclosures:

Not Applicable

B) Capital Structure:

Qualitative Disclosures:

1. Summary information on the 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 in Tier 2.

Tier 2 Capital includes:

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

Conditions for maintaining regulatory capital:

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

Quantitative Disclosures:

2. The amount of Tier 1 capital, with separate disclosure of:

Particulars	Amount in Crore Taka
Paid-up Capital	117.03
Non-repayable share premium account	-
Statutory reserve	51.39
General reserve & other reserve	-
Retained earning	20.79
Dividend equalization account	-

3. The total amount of Tier 2 capital Taka 13.03 crore
4. Other deductions from capital -
5. Total Eligible Capital Taka 202.25 crore

C) Capital Adequacy

Qualitative Disclosures:

- a) Summary discussion of the FI's approach to assessing the adequacy of its capital to support current and future activities.

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

- NHFIL has adopted Standardized 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 the capital charge for market risk and operational risk by the reciprocal of the minimum capital adequacy ratio i.e. 10% and adding the resulting figures to the sum of risk weighted assets for credit risk. Total RWA is then used as denominator while total Eligible Regulatory Capital as on numerator to derive Capital Adequacy Ratio.
- Strategy to achieve the required Capital Adequacy:

Operational level:

Immediate measures:

- Rigorous monitoring of overdue loans to bring those under 90 days overdue
- Financing clients having good rating as per Company's policy
- Assessing incremental effect of capital charge over the expected net income from financing before sanctioning any appraisal, which could be one of the criteria for taking financing decision.
- Using benefit of credit risk mitigation by taking eligible collaterals against transactions
- Focusing more to increase the spread on housing loan and thus increasing retained earnings.
- Raise fresh capital by issuing bonus share/ right issue.
- Asking unrated Corporate clients to have credit rating from External Credit Assessment Institutions (ECAs) recognized by Bangladesh Bank;

	Quantitative Disclosures:	Amount in crore Taka
a)	Capital requirement for Credit Risk	1042.67
b)	Capital requirement for Market Risk	22.65
c)	Capital requirement for Operational Risk	95.36
d)	Total and Tier 1 Capital ratio: CAR on Total capital basis (%)	17.45%
	CAR on Tier 1 capital basis (%)	16.33%

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;

Specific and General provisions are maintained according to the relevant Bangladesh Bank guideline. For Example, 0.25% provision is maintained against SME-Standard loan/ lease, 1% provision is maintained against good loans (other than SME- Standard loan/ lease, 5% against SMA loan/ lease, 20% against sub-standard loan/ lease, 50% against doubtful loan/ lease and 100% against bad/loss loan/ lease after deducting the amount of interest expenses and value of eligible securities from the outstanding balance of classified accounts.

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 NHFIL:

- 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 and collection Team
- Strong follow up of compliance of credit policies by Credit Administration Department
- Taking collateral and performing valuation and legal vetting on the proposed collateral
- Seeking legal opinion from internal and external lawyer for any legal issues
- Maintaining neutrality in politics and following arm's length approach in related party transactions
- Regular review of market situation and industry exposure
- Sector-wise portfolio is maintained within specific limits to ensure diversification of loan assets

In addition to the industry best practices for assessing, identifying and measuring risks, NHFIL 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.

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 (for particular sector, product, individual company and group) and risk management strategies have been described/stated in detail. Credit Policy is regularly updated to cope up with the changing global, environmental and domestic economic scenarios.

Separate Credit Administration Department

An independent Credit Risk Management (CRM) Department is in place, at NHFIL, to scrutinize projects from a risk-weighted point of view and assist the management in creating a high quality credit portfolio and maximize returns from risk assets. Research team of CRM regularly reviews market situation and exposure of NHFIL in various industrial sub-sectors. CRM has been segregated from Credit Administration Department in line with Central Bank's Guidelines. CRM assess credit risks and suggest mitigations before recommendation of every credit proposal while Credit Administration confirms that adequate security documents are in place before disbursement.

Special Assets Management and Collection Team

A strong Law and Recovery Team monitors the performance of the loans & advances, identify early signs of delinquencies in portfolio, and take corrective measures to mitigate risks, improve loan quality and to ensure recovery of loans in a timely manner including legal actions.

Independent Internal Control and Compliances Department (ICC)

Appropriate internal control measures are in place at NHFIL. NHFIL has also established Internal Control and Compliances Department (ICC) to ensures, compliance with approved lending guidelines, Bangladesh Bank guidelines, operational procedures, adequacy of internal control and documentation procedures. ICC frames and implements policies to encounter such risks.

Credit Evaluation

To mitigate credit risk, NHFIL 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	1,251.65
Loan against fixed deposit	1.44
Staff Loan	2.11
SME Loan	64.65
Lease/Term Loan	7.76
Others	21.87
Total	1,349.48

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

Area	Amount in crore Taka
Dhaka	1,067.84
Chattogram	92.48
Rajshahi	127.77
Rangpur	61.39
Total	1,349.48

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

Sector	Amount in crore Taka
Real Estate and Housing	1,251.65
RMG	0.15
Paper, Printing and Packaging	1.40
Iron, Steel and Engineering	4.99
Textile & Industry	1.22
Food and Allied Products	0.69
Transport & Communication	0.37
Electronics and Electrical Products	1.81
Ship Manufacturing Industry	1.43
Agriculture & Chemicals	28.15
Plastic Industry	2.90
Others	54.72
Total	1,349.48

(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	38.87
Not more than 3 months	2.77
Over 3 months but not more than 1 year	472.26
Over 1 year but not more than 5 years	163.48
Over 5 years	672.10
Total	1,349.48

(f) By major industry or counter party type:

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

Particulars	Amount in crore Taka
Loan up to 5 years	677.38
Loan over 5 years	672.10
Total	1,349.48

(ii) Specific and general provision

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

Particulars	Amount in crore Taka
Provision on classified loans and advances	8.71
Provision on unclassified loans and advances	12.46
Total	21.17

(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 NHFIL.

Particulars	Amount in crore Taka
Provision on classified loans and advances	(3.78)
Provision on unclassified loans and advances	1.39
Total	(2.39)

(g) Gross Non Performing Assets (NPA) (Amount in crore) Taka 70.33 crore
 Non Performing Assets (NPAs) to outstanding Loans and Advances 5.21%

Movement of Non-Performing Assets (NPAs)

Particulars	Amount in crore Taka
Opening Balance	52.59
Additions	21.83
Reductions	(4.09)
Closing Balance	70.33

Movement of Specific Provisions of Non-Performing Assets (NPAs)

Particulars	Amount in crore Taka
Opening Balance	8.45
Provisions made during the period	1.27
Write-off	4.04
Written-back of excess provisions	(5.05)
Closing Balance	8.71

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. 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 the share price is materially different from fair value.

Particulars	Amount in crore Taka
Quoted shares (Market price)	6.68
Quoted shares (Cost Price)	11.33
Unquoted shares	-

Break up of Total Investment	
Particulars	Amount in crore Taka
Government securities	-
Non marketable securities	-
Preference share	1.00
Investment in share (lock-in)	-
Marketable Securities	11.33
Commercial paper	-

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

Particulars	Amount in crore Taka
Cumulative realized gain/(loss)	0.10

Area	Amount in crore Taka
Total unrealized gains(Losses)	(4.65)
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 the FI's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory provisions regarding regulatory capital requirements.

Specific Risk- Market value of investment in equities is BDT 11.33 crore. Capital Requirement is 10% of the said value which stand to BDT 1.13 crore.

General Risk- Market value of investment in equities is BDT 11.33 crore. Capital Requirement is 10% of the said value which stand to BDT 1.13 crore.

F) Interest rate in the banking book

Qualitative Disclosures

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 an assets and their funding cost. Assets Liability Committee (ALCO) monitors the interest rate movement on a regular basis. NHFIL measure the Interest Rate Risk by calculation Duration Gap i.e. a positive Duration Gap affect company's profitability adversely with the increment of interest rate and a negative Duration Gap increase the company's profitability with the reduction of interest rate.

Quantitative Disclosure

The increase (decline) in earnings 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 month to 3 months	Over 3 month to 6 months	Over 6 month to 1 year
A. Total Rate Sensitive Liabilities (A)	110.19	1473.13	159.60	175.79	339.86
B. Total Rate Sensitive Assets (B)	66.83	147.11	158.97	179.57	357.78
C. Mismatch	-43.36	-0.01	-0.63	3.78	17.92
D. Cumulative Mismatch	-43.36	-43.37	-44.00	-40.22	-22.30
E. Mismatch (%)	-39.35%	-0.01%	-0.39%	2.15%	5.27%

Magnitude of Shock	Interest rate risk		
	Minor	Moderate	Major
Change in the Value of Bond Portfolio (BDT in Crore)	0.00	0.00	0.00
Net Interest Income (BDT in Crore)	-0.45	-0.89	-1.34
Revised Regulatory Capital (BDT in Crore)	202.10	201.66	201.21
Risk Weighted Assets (BDT in Crore)	1160.68	1160.68	1160.68
Revised CAR (%)	17.41%	17.37%	17.34%

(G) Market risk

Qualitative Disclosures

Views of BOD on trading/investment activities

All the Market Risk related policies/guidelines are duly approved by BOD. The BOD sets limit and review and updates the compliance on regular basis aiming to mitigate the Market risk.

Methods 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 Standardized (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 Division reviews the risks of changes in income of the Company as a result of movements in market interest rates. In the normal course of business, NHFIL 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 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 an earning 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 Liability and take 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 assumed risks.

Equity Risk Management

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

NHFIL minimizes the Equity Risks by Portfolio diversification as per investment policy of the company.

Quantitative Disclosures

The capital requirements for Market Risk:

Interest rate risk	Amount in crore Taka
Interest rate risk	-
Equity position risk	2.27
Foreign Exchange Position and Commodity risk (If any)	-

(H) Operational Risk:

Qualitative disclosure:

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

All the policies and guidelines of internal control and compliances are duly approved by the Board. The Board delegates its authority to Executive Committee and to Man Com members as per company policy of delegation of authority. Audit Committee of the Board directly oversees the activities of internal control and compliance as per good governance guideline issued by Securities and Exchange Commission.

Performance gap of executives and staffs

NHFIL's recruitment strategy 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 the near future), matching the ability and potential of the individual. Qualification, skills and competency form our basis for nurturing talent. We are proud to state that favorable job responsibilities are increasingly attracting greater participation from different level of employees in the NHFIL family. We aim to foster a sense of pride in working for NHFIL and to be the employer of choice. As such there exists no performance gap in NHFIL.

Potential external events

No such potential external event exists to rise operational risk of NHFIL at the time of reporting.

Policies and procedures for mitigating operational risk:

NHFIL has also established Internal Control and Compliances Department (ICC) to address operational risk and to frame and implement policies to encounter such risks. ICC assesses operational risk across the Company as a whole and ensures that an appropriate framework exists to identify, assess and manage operational risk.

Approach for 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. NHFIL uses basic indicator approach for calculation capital charge against operational risk i.e. 15% of average positive annual gross income of the company over last three years.

Quantitative Disclosures:

(b) Capital requirement for operational risk:

Particulars	Amount in crore Taka
Capital requirement for operational risk:	9.54

SARashid & Associates
(Chartered Secretaries)

Noakhali Tower (12th Floor, 13-D)
55/B Purana Paltan, Dhaka-1000, Bangladesh
Phone : +88 02 955 65 95, +88 02 955 87 96, +88 01 755 944 966
E-mail : sarashid12000@yahoo.com, sarashidnasso@gmail.com

S. Abdur Rashid FCS
MBS, MBA (Finance), PGDHRM, LLB, MIPM
Chartered Secretary in Practice
Private Practice Certificate No.: 003

**Report to the Shareholders of
National Housing Finance and Investments Limited
on
Compliance on the Corporate Governance Code**

We have examined the compliance status to the Corporate Governance Code by National Housing Finance and Investments Limited for the year ended on 31 December 2019. This Code relates to the Notification No. BSEC/CMRRC/2006-158/207/Admin/80 dated 03 June 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- (a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission except as stated in the remarks column of the Statement on Status of Compliance prepared by the Directors of the Company;
- (b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- (c) Proper books and records have been kept by the company as required under the Companies Act 1994, the securities laws and other relevant laws; and
- (d) The Governance of the Company is satisfactory.

For
SARashid & Associates



Place : Dhaka
Dated : 02 September 2020

S. Abdur Rashid FCS
Chartered Secretary in Practice

National Housing Finance and Investments Limited

Declaration by MD and CFO

Date: 23.07.2020

The Board of Directors

National Housing Finance and Investments Limited
Concord Baksh Tower (7th Floor)
Plot: 11-A, Road: 48, Block: CWN(A)
Gulshan-2, Dhaka-1212

Subject: Declaration on Financial Statements for the year ended on December 31, 2019

Dear Sirs,

Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRC/2006-158/207/Admin/80 Dated 03.06.2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- (1) The Financial Statements of National Housing Finance and Investments Limited for the year ended on December 31, 2019 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
- (2) 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;
- (3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- (4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- (5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- (6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that: _____

- (i) We have reviewed the financial statements for the year ended on December 31, 2019 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 collectively present 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 transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,

(Md. Khalilur Rahman)
Managing Director
Date: July 23, 2020

(Sayed Ahmed FCMA)
Chief Financial Officer
Date: July 23, 2020

Auditor's Report & Audited Financial Statement



Independent Auditor's Report To the Shareholders of National Housing Finance and Investments Limited

Report on the Audit of the Financial Statements Opinion

We have audited the financial statements of National Housing Finance and Investments Limited (the Company), which comprise the balance sheet as at 31 December 2019 and the profit and loss accounts, statement of changes in equity and cash flow statements for the year then ended, and notes to the financial statements, including a summary of significant account.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2 to the financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye-Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matters

Without qualifying our opinion, we draw attention to the following matters:

1. As disclosed in note # 5.01.02 to the financial statements, the company has shown short term deposit with International Leasing & Finance Services Ltd. amounting to BDT 152,085,000. Bangladesh Bank vide letter no- DFIM(C)1054/43/2020-1065 dated 14th July, 2020, advised to maintain provision against this deposit at the rate of 20% effective from 2020. No provision has been made against this deposit during the year 2019.
2. As disclosed in note # 42.01 to the financial statements, the Cash flow from operating activities for the financial year ended 31 December 2019 represents a deficit of TK. 3,515,978,097 due to more disbursement of deposits being made than the cash inflow from operating activities.
3. As disclosed in note # 24.03.01 to the financial statements, initial application of IFRS-16 Leases which came into effect from 1st January 2019 was not complied by the company. The company decided that they will comply IFRS-16 from the following year. IFRS-16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets.

However, the management of the company opted not to adopt the new standard in the current financial year leading to the understatement of Assets and Liabilities.

In addition to above, the Company has not recognized the leases of Right-of-use assets and its Depreciation. Finally, the Company has not transferred Lease Liabilities at Net Present Value from Office Rent Expense, interest expense on lease liabilities total cash outflow of the leases, the carrying amount of right-of-use assets at the end of the reporting period by class of underlying asset, which is a non-compliance of para-47 & 53 of IFRS-16.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Head	Risk	Our response to the risk		
Loans & Advances	<p><u>Classification</u></p> <p>The classification of loans & advances are determined by specific Bangladesh Bank's circulars which have wide ranging effect on the financial position and performance of the FI, namely through provisioning requirements.</p> <p>Furthermore the calculation of RWA (Risk Weighted Assets) is, to some extent, dependent on the classification of loans and advances which ultimately impact the CAR (Capital Adequacy Ratio) – a significant indicator of FI's health under the BASEL – II regime.</p> <p>Furthermore the recognition and measurement of these Loans & Advances are dictated by Bangladesh Bank's circulars namely FID circular No. 08 dated 03 August 2002 , FID Circular No. 03 dated 03 May 2006, FID Circular No. 05 dated 18 July 2006, FID Circular No. 06 dated 20 August 2006, FID Circular No. 02 dated 05 May 2007 and DFIM Circular No. 04 dated 28 June 2007 respectively which limits the fair implementation of respective IFRSs.</p> <p>The Company's disclosures about classification of loans & advances are included in note 8.07, 8.08 & 8.11 to the financial statements.</p>	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> the credit appraisal, loan disbursement procedures, monitoring and provisioning process; Identification of loss events, including early warning and default warning indicators; Reviewed quarterly Financial Institution Classification of Loans (CL); <p>Furthermore we have assessed on test basis the loan application receipt, assessment, documentation and authorization process against Company's policy and Bangladesh Bank's requirements. Legal expert's views regarding securitization of the loans has also been considered.</p> <p>As part of our process we have reviewed the loan files, bank statements, and its provisioning requirements.</p> <p>Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p>	<p>Provision measurement is primarily dependent upon key assumptions relating to probability of default, ability to repossess collateral and recovery rates.</p> <p>Classified Loans & Advances are written off from the financial statements in accordance with specific Bangladesh Bank's circulars. Writing off of loans & advances has drastic impact on the NPL (Non-Performing Loan). Additionally, the write-off of loans and advances are undertaken in line with Bangladesh Bank's circulars which overrides the requirements of IFRSs.</p> <p>We have focused on the following significant judgments and estimates which could give rise to material misstatement or management bias:</p> <ul style="list-style-type: none"> Completeness and timing of recognition of loss events (provisioning requirements) in accordance with criteria set out in FID circular no-3; For individually assessed provisions, the measurement of the provision may be dependent on the valuation of collateral, estimates of exit values and the timing of cash flows; Complete identification and timing of loans write-offs including final provisioning adjustment and recognition of qualifying mortgaged assets under non-banking assets. <p>The Company's disclosures about provisioning and write-off of Loans & Advances are included in note. 14.01, 14.02 & 31 and 8.11 respectively.</p>	Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.
	<p><u>Provisioning & write off:</u></p> <p>The process for estimating the provision for loans and advances portfolio associated with credit risk is significant and complex.</p> <p>For the individual analysis, these provisions consider the estimates of future business performance and the market value of collateral provided for credit transactions.</p> <p>For the collective analysis, these provisions are manually processed that deals with voluminous databases, assumptions and calculations for the provision estimates of complex design and implementation.</p> <p>At year end the Company reported total gross loans and advances of Tk. 13,494,876,567 (2018: Tk. 12,363,967,591) and provision for loans and advances of Tk. 211,700,909 including general provision Tk. 124,624,763 & specific provision Tk. 87,076,146 (2018: Tk. 195,286,751).</p>	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> Tested the credit appraisal, loan disbursement procedures, monitoring and provisioning process; Identification of loss events, including early warning and default warning indicators; Reviewed quarterly Classification of Loans (CL); <p>Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:</p> <ul style="list-style-type: none"> Reviewed the adequacy of the companies general and specific provisions; Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information; 	<p>Our audit procedures have a focus on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and IT dependent manual controls.</p> <p>The Company's disclosures relating to its IT systems and controls are included in note 3.13 of the financial statements.</p>	<p>Our firm's own IT Specialist tested the design and operating effectiveness of the Company's IT access controls over the information systems that are critical to financial reporting. We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized. We tested the Company's periodic review of access rights. We inspected requests of changes to systems for appropriate approval and authorization. We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit.</p> <p>Where deficiencies were identified, we tested compensating controls or performed alternate procedures. In addition, we understood where relevant, changes were made to the IT landscape during the audit period and tested those changes that had a significant impact on financial reporting.</p>

<p>We focused on this area because the Company operates in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict.</p> <p>Significant Legal & Regulatory matters pertaining to the Company were:</p> <ul style="list-style-type: none"> • Compliance of rules & regulations, including submission of returns to various regulators; and • Litigation (cases) filed on behalf of or against the Company including any provisioning requirements. <p>These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions which have been established and other contingent liabilities.</p> <p>Overall, the legal provision represents the Company's best estimate for existing legal matters that have a probable and estimable impact on the Company's financial position.</p> <p>The Company's disclosures relating to its legal & regulatory compliance are included in note 3.11 & 2.12 of the financial statements.</p> <p><u>Current Tax:</u></p> <p>The Company reported net current tax liability of Tk. 408,316,477 as at 31 December 2019 (2018: Tk. 420,337,010) and current year tax provision of Tk. 150,636,500 (For 2018: Tk. 170,988,049).</p> <p>Current tax was considered significant to our audit due to the pending tax assessments for AY 2012-13, 2013-14 and 2014-15 as the amount of tax liable to the Company is not yet finalized by the tax authorities.</p> <p>The Company's disclosures relating to current tax are included in note 3.07.01, 14.07, 14.07.01 & 14.08 to the financial statements.</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over the legal provision and contingency process.</p> <p>We enquired to those charged with governance to obtain their view on the status of all significant litigation and regulatory matters.</p> <p>We enquired of the Company's internal legal counsel for all significant litigation and regulatory matters and inspected internal notes and reports.</p> <p>We assessed the methodologies on which the provision amounts are based, recalculated the provisions, and tested the completeness and accuracy of the underlying information.</p>
<p><u>Deferred Tax:</u></p> <p>The Company reported net deferred tax Liabilities to totaling Tk. 13,508,087 as at 31 December 2019. Significant judgment is required in relation to deferred tax assets/liabilities as their recoverability is dependent on forecasts of future profitability over a number of years.</p> <p>The Company's disclosures relating to deferred tax are included in note- 3.07.02 14.09 & 14.09.01 to the financial statements.</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over the recognition and measurement of DTAs and the assumptions used in estimating the Company's future taxable income.</p> <p>We also assessed the completeness and accuracy of the data used for the estimations of future taxable income.</p> <p>We involved tax specialists to assess key assumptions, controls, recognition and measurement of DTA's.</p> <p>Finally assessed the appropriateness and presentation of disclosures against IAS 12 Income Tax.</p>

Materiality

The scope of our audit was influenced by materiality point of view. We set certain quantitative thresholds for materiality. These together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgment, we determined materiality for the financial statements as a whole as follows:

Overall materiality	Tk. 20,841,104 (2018: Tk. 20,308,853)
How we determined it	5% of average profit or loss before tax of the last 5 years
Rational for benchmark applied	Based on the benchmarks used in the Annual Report, profit or loss before tax is a key measure used by the shareholders in assessing the performance of the group, and is a generally accepted auditing benchmark.

Performance materiality is the application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriate low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments together with our assessment of the Company's overall control environment, our judgment was that performance materiality was 75% (2018:75%) of our planning materiality namely Tk. 15,630,828 (2018: Tk. 15,231,640). We have set performance materiality at this percentage due to our previous experience as auditors of the Company from which we concluded that there is a lower expectation of material financial statement inaccuracies due to the Company's limited business nature and only minor audit differences resulting from our prior and current year work. Our approach is consistent with prior year.

Other Matter

Prior to signing of the audit report, from March, there was an outbreak of the global pandemic COVID-19 on 11 March 2020. COVID-19 poses existential threats on the ability of a business to survive, which in turn have significant financial reporting impacts – from going concern and liquidity to recoverability and valuation of assets. Changes in the economic activity caused by the Pandemic will cause the company to renegotiate the terms of existing contracts and arrangements, and even cancellation of contracts/orders. If the company is offering concessions to its customers, that could have a dramatic impact on its revenue recognition. The key potential financial reporting impacts after Covid-19 and event after prior period are summarized as follows (Company may use forecast information for multiple purposes for these too):

The impairment of non financial assets, fair value measurement affecting the note no-09, changes in the remuneration policies affecting the notes no-24.02, decrease in Investment Income affecting note-21, Increase of loss on Investment in Share affecting note-31.01. Because of COVID-19 impact, preparation of reliable forecast information can be challenging and need to be closely monitored as this can have pervasive impact across multiple elements of financial statements.

Other Information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, on the other information obtained prior to the date of this audit report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls

Management is responsible for maintenance of the required books of accounts & records and preparation and fair presentation of the financial statements of the Company in accordance with IFRSs as explained in note 2 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Financial Institutions Act, 1993 & the Bangladesh Bank Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Company. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosed in note 2.10.03, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, the Securities and Exchange Rules 1987, the Financial Institutions Act, 1993 and the rules and regulations issued by Bangladesh Bank, we also report that:

- (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of those books;
- (iii) the balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (iv) the expenditures incurred were for the purpose of the Company's business for the year;
- (v) the financial statements of the Company have been drawn up in conformity with the Financial Institutions Act, 1993 and in accordance with the accounting rules and regulations which were issued by Bangladesh Bank to the extent applicable to the Company;
- (vi) provisions have been made for loans, advances, leases, investment and other assets which are, in our opinion, doubtful of recovery and Bangladesh Bank's instructions in this regard have been followed properly;
- (vii) the financial statements of the Company conform to the prescribed standards set in the accounting regulations which were issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- (viii) the records and statements which were submitted by the branches have been properly maintained and recorded in the financial statements;
- (ix) statements sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our attention;
- (x) taxes and other duties were collected and deposited in the Government treasury by the Company as per Government instructions found satisfactory based on test checking;
- (xi) nothing has come to our attention that the Company has adopted any unethical means i.e. 'window dressing' to inflate the profit and mismatch between the maturity of assets and liabilities;
- (xii) proper measures have been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank and the instructions which were issued by Bangladesh Bank and other regulatory authorities have been complied properly as disclosed to us by management;
- (xiii) based on our work as mentioned above under the auditor's responsibility section, the internal control and the compliance of the Company is satisfactory, and effective measures have been taken to prevent possible material fraud, forgery and internal policies are being followed appropriately;
- (xiv) the Company has complied with relevant laws pertaining to capital, reserve and net worth, cash and liquid assets and procedure for sanctioning and disbursing loans/leases found satisfactory;
- (xv) we have reviewed over 80% of the risk weighted assets as shown in note-15.05 to the financial statements of the Company and we have spent around 1,862 person hours for the audit of the books and accounts of the Company;
- (xvi) the Company has complied with relevant instructions which were issued by Bangladesh Bank relevant to classification, provisioning and calculation of interest suspense;
- (xvii) the Company has complied with the 'First Schedule' of Bank Companies Act, 1991 in preparing these financial statements;

Dhaka,
Dated: 23 July 2020

Syfulshamsulalam & Co.
Syful Shamsul Alam & Co.
Chartered Accountants

NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED

Balance Sheet

As at December 31, 2019

	Note	2019 Taka	2018 Taka
Property and Assets			
Cash:			
In hand (including foreign currencies)	4.00	48,259	77,732
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		258,288,276	194,421,756
		258,336,535	194,499,488
Balance with banks and other financial institutions:	5.00	3,533,338,489	7,445,254,949
In Bangladesh		-	-
Outside Bangladesh		3,533,338,489	7,445,254,949
Money at call and on short notice	6.00	-	-
Investments:	7.00	-	-
Government		123,259,172	129,891,081
Others		123,259,172	129,891,081
Loans and advances:	8.00	13,494,876,567	12,363,967,591
Loans, cash credits, overdrafts etc.		-	-
Bills purchased and discounted		13,494,876,567	12,363,967,591
Fixed assets including premises, furniture and fixtures	9.00	313,587,886	227,944,259
Other assets (re-stated)	10.00	516,302,661	617,108,891
Non-banking assets	11.00	-	-
Total Assets		18,239,701,310	20,978,666,259
Liabilities and capital			
Liabilities:			
Borrowing from other banks, financial institutions and agents	12.00	1,629,476,912	1,760,754,410
Deposits and other accounts:	13.00	-	-
Current accounts and other accounts etc.		-	-
Bills payable		3,820,000,000	8,180,000,000
Savings bank deposits		9,413,847,419	7,956,881,144
Fixed deposits		-	-
Bearer certificate of deposits		11,702,321	12,117,263
Other deposits		13,245,549,740	16,148,998,406
Other liabilities (re-stated)	14.00	1,472,544,931	1,307,199,242
Total Liabilities		16,347,571,583	19,216,952,059
Capital/Shareholders' equity:			
Paid up capital	15.02	1,170,312,000	1,063,920,000
Statutory reserve	16.00	513,900,723	466,539,218
Retained earnings (re-stated)	17.00	207,917,003	231,254,982
Other reserves		-	-
Total Shareholders' equity		1,892,129,727	1,761,714,200
Total liabilities and Shareholders' equity		18,239,701,310	20,978,666,259

Off-Balance Sheet Items

Contingent Liabilities:

- Acceptances and endorsements
- Letters of guarantee
- Irrevocable letters of credit
- Bills for collection
- Other contingent liabilities

Other Commitments:

- Documentary credits and short term trade related transactions
- Forward assets purchased and forward deposits placed
- Undrawn note issuance and revolving underwriting facilities
- Un-disbursed contracted loans and leases
- Undrawn formal standby facilities, credit lines and other commitments

Total Off-Balance Sheet Items including contingent liabilities

Net Asset Value (NAV) per share (re-stated)

Note	2019 Taka	2018 Taka
41.00	1,311,245,477	1,303,262,879
	1,311,245,477	1,303,262,879
	1,311,245,477	1,303,262,879
	16.17	15.16

Annexed notes from an integral part of these financial statements



Md. Sarwar Kamal FCS
Company Secretary



Md. Khalilur Rahman
Managing Director



Md. Kabir Reza FCMA
Director



Mahbubur Rahman
Acting Chairman

Syfulshamsul Alam & Co.
Syful Shamsul Alam & Co.
Chartered Accountants

NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED

Profit and Loss Account

For the year ended December 31, 2019

	Note	2019 Taka	2018 Taka
Interest Income	19.00	2,051,842,879	1,995,665,758
Interest paid on deposits, borrowings etc.	20.00	1,486,020,924	1,344,114,201
Net interest income		565,821,955	651,551,557
Investment Income	21.00	4,397,834	7,643,076
Commission, exchange and brokerage	22.00	6,500	57,500
Other operating income	23.00	18,743,844	24,971,263
Total operating income		23,148,178	32,671,839
Salaries and allowances	24.02	127,685,283	100,397,298
Rent, taxes, insurance, electricity etc.	24.03	11,669,653	9,844,693
Legal expenses	24.04	3,987,640	2,039,068
Postage, stamps, telecommunication etc.	25.00	1,974,066	1,767,957
Stationery, printing, advertisement etc.	26.00	10,039,628	19,873,942
Managing Director's salary and fees	27.00	7,600,000	7,626,083
Directors' fees and expenses	24.01	1,124,800	1,950,400
Auditors' fees	28.00	287,500	287,500
Charges on loan losses	29.00	-	-
Depreciation and repairs to assets	29.00	15,807,434	10,718,782
Other expenses	30.00	15,506,433	15,968,331
Total operating expenses		195,682,437	170,474,054
Profit/ (Loss) before provisions		393,287,695	513,749,342
Provisions for			
Loans, advances and leases	31.00	(23,994,355)	47,662,031
Diminution in value of investments	31.01	24,131,612	14,001,352
Others	31.02	2,527,590	4,492,425
Total provisions		2,664,847	66,155,808
Total profit/(loss) before taxation		390,622,848	447,593,534
Provisions for taxation			
Current	14.08	(150,636,500)	(170,988,049)
Deferred	14.08	(3,178,821)	(833,986)
Net Profit/(loss) after taxation		(153,815,321)	(171,822,035)
Appropriations:			
Statutory reserve	16.00	47,361,505	55,154,300
General reserve		-	-
Dividend etc.		47,361,505	55,154,300
Retained surplus		189,446,022	220,617,199
Earnings per share (re-stated)	32	2.02	2.36

Annexed notes from an integral part of these financial statements


Md. Sarwar Kamal FCS
Company Secretary


Md. Khalilur Rahman
Managing Director


Md. Kabir Reza FCMA
Director


Mahbubur Rahman
Acting Chairman

Syful Shamsul Alam & Co.
Syful Shamsul Alam & Co.
Chartered Accountants

Place: Dhaka
Dated: 23 July, 2020

NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED

Cash Flow Statement

For the year ended December 31, 2019

	2019 Taka	2018 Taka
A. Cash flows from operating activities		
Interest receipts in cash	2,101,747,491	1,927,642,261
Interest payments	(1,409,901,392)	(1,161,026,083)
Dividend receipts	3,405,417	5,812,457
Fees and commissions receipts in cash	6,500	57,500
Recoveries on loans previously written off	40,408,513	1,860,000
Cash payments to employees	(135,104,107)	(110,116,879)
Cash payments to suppliers	(12,401,028)	(21,999,522)
Income taxes paid	(145,987,063)	(188,556,861)
Receipts from other operating activities	19,736,261	26,801,882
Payments for other operating activities	(32,576,026)	(26,074,992)
Cash generated from operating activities before changes in operating assets and liabilities	429,334,565	454,399,763
Increase/(decrease) in operating assets and liabilities:		
Statutory deposits	-	-
Purchase/sale of trading securities	-	-
Loans, advances and leases to the client	(1,130,908,976)	(2,157,416,907)
Other assets	31,052,828	(29,817,900)
Term deposits	(2,903,033,725)	4,481,898,047
Other deposits	(414,942)	(1,064,226)
Trading liabilities	-	-
Other liabilities	57,992,153	29,071,771
Net cash flow from operating activities	(3,945,312,662)	2,322,670,784
B. Cash flows from investing activities		
Proceeds from sale of securities	6,631,909	2,203,270
Payments for purchase of securities	-	-
Purchase /sale of property, plant & equipment	(101,063,727)	(4,144,231)
Purchase /sale of subsidiary	-	-
Net cash from investing activities	(94,431,818)	(1,940,961)
C. Cash flows from financing activities		
Receipts from issue of loan capital & debt securities	-	-
Payments for redemption of loan capital & debt securities	-	-
Receipt from ordinary shares	-	-
Loan from banks	(131,277,498)	39,911,930
Dividend paid	(106,392,000)	(202,144,800)
Net cash from financing activities	(237,669,498)	(162,232,870)
D. Net increase/(decrease) in cash		
E. Effects of exchange rate changes on cash and cash equivalent		
F. Cash and cash equivalent at beginning of the year		
G. Cash and cash equivalent at end of the year		
Cash and cash equivalent at end of the year	7,639,754,437	5,026,857,721
Cash in hand (including foreign currencies)	48,259	77,732
Balance with Bangladesh Bank and its agent bank(s) (including foreign currency)	258,288,276	194,421,756
Balance with banks and other financial institutions	3,533,338,489	7,445,254,949
Money at call and on short notice		
Net Operating Cash Flow Per Share (NOCFPS) (re-stated) (Note- 42.01)	3,791,675,024	7,639,754,437
	(30.04)	23.73

Annexed notes from an integral part of these financial statements


Md. Sarwar Kamal FCS
Company Secretary


Md. Khalilur Rahman
Managing Director


Md. Kabir Reza FCMA
Director


Mahbubur Rahman
Acting Chairman

NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED

Statement of Changes in Equity For the year ended December 31, 2019

Particulars	Paid-up Capital Reserve	Statutory Reserve	General Earnings	Retained Earnings	Total	Figures in Taka
Balance as at January 01, 2019	1,063,920,000	466,539,218	-	243,771,628	1,774,230,847	
Changes in accounting policy	-	-	-	(12,516,646)	(12,516,646)	
Prior period adjustment (note-14.09)	1,063,920,000	466,539,218	-	231,254,982	1,761,714,200	
Restated balance						
Surplus/deficit on account of revaluation of properties	-	-	-	-	-	
Surplus/deficit on account of revaluation of Investments	-	-	-	-	-	
Currency transaction differences	-	-	-	-	-	
Net gain/loss not recognized in the income statement	-	-	-	-	-	
Net profit for the year	106,392,000	47,361,505	-	(106,392,000)	236,807,527	(106,392,000)
Dividends						
Issue of Bonus share						
Transfer to statutory reserve						
Balance as at December 31, 2019	1,170,312,000	513,900,724	-	207,917,004	1,892,129,727	

Annexed notes from an integral part of these financial statements


Md. Sarwar Kamal FCS
 Company Secretary


Md. Khalilur Rahman
 Managing Director


Md. Kabir Reza FCMA
 Director


Mahbubur Rahman
 Acting Chairman

NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED

Liquidity Statement (Maturity Analysis of Assets & Liabilities)

As at December 31, 2019

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Asset						
Cash in hand	48,259	-	-	-	-	48,259
Balance with Bangladesh Bank and its agents	258,288,276	-	-	-	-	258,288,276
Balance with other banks and FIs	453,338,489	77,000,000	1,972,554,367	1,030,445,633	-	3,533,338,489
Investments	113,259,172	10,000,000	-	-	-	123,259,172
Money at call and on short notice	-	-	-	-	-	-
Loans, advances and leases	388,734,612	27,671,276	4,722,617,088	1,634,819,116	6,721,034,475	13,494,876,567
Fixed assets including premises, furnitures and fixtures	-	-	-	-	-	-
Other assets	188,874,266	-	317,319,935	9,854,000	254,460	313,587,886
Non-financial institution assets	-	-	-	-	-	-
Total Asset	1,402,543,075	114,671,276	7,012,491,390	2,675,118,749	7,034,876,821	18,239,701,311
Liabilities						
Borrowing from banks, other financial institutions and agents	119,831,848	301,635,360.00	647,695,460	560,314,244	-	1,629,476,912
Deposits and other accounts	38,323,741	-	7,811,292,567	2,067,694,960	3,328,238,471,71	13,245,549,740
Provision & other liabilities	579,697,680	10,388,089	421,824,565	460,634,598	-	1,472,544,931
Total Liabilities	737,853,269	312,023,449	8,880,812,591	3,088,643,802	3,328,238,472	16,347,571,583
Net Liquidity Gap	664,689,806	(197,352,173)	(1,868,321,202)	(413,525,053)	(3,706,638,349)	1,892,129,727

Net result of the liquidity statement represents the "Shareholders' Equity" of NHFIL.

Annexed notes from an integral part of these financial statements


Md. Sarwar Kamal FCS
 Company Secretary


Md. Khalilur Rahman
 Managing Director


Md. Kabir Reza FCMA
 Director

NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED

Notes to the Financial Statements

For the year ended December 31, 2019

1.00 Company and its activities

1.01 Legal status and nature of the company

National Housing Finance and Investments Limited (NHFIL) was incorporated on August 18, 1998 as a public limited company under the Companies Act 1994, obtaining license from Bangladesh Bank under the Financial Institutions Act 1993 on December 29, 1998. The main objectives of the Company are to carry on the business of financing the acquisition, construction, development and purchase of houses, plots, apartments, real estates, commercial spaces, etc.

The Company has obtained permission from Bangladesh Bank on June 03, 2003 to enter into lease finance operation keeping housing finance as its core business. The Company extends lease finance for all types of industrial, manufacturing and service equipments including vehicles to individual companies and corporate houses.

The corporate office of the Company is located at Concord Baksh Tower (7th floor), Plot #11-A, Road # 48, Block # CWN(A), Gulshan-2, Dhaka-1212.

The registered office of the Company is located at National Plaza (7th floor), 109, Bir Uttam C.R. Datta Road (Ex-Sonargaon Road), Dhaka -1205.

1.02 Principal Activities of NHFIL

The Company provides loan to the extent of 70.00% of the total purchase price of houses, plots and apartments under usual repayable terms varying from 5 years to 20 years. The properties for which loans are disbursed are kept under registered / equitable mortgage as security. In addition to this NHFIL also involves with other activities such as accepting deposits, SME, lease financing, project financing etc.

2.00 Basis of preparation and presentation of financial statements and significant accounting policies

2.01 Statement of Compliance

The financial statements of the Company have been prepared on a going concern basis and compliance with the Section-38 (First Schedule) of the Bank Companies Act 1991 and the subsequent amendment thereof, as instructed by Bangladesh Bank vide their DFIM Circular no-11 dated 23 December 2009, International Accounting Standard (IASs), International Financial Reporting Standards (IFRSs), The Companies Act 1994, The Securities and Exchange Ordinance 1969, The Securities and Exchange Rule 1987 and other applicable laws and regulations in Bangladesh.

2.02 Basis of Accounting

The financial statements of the Company have been prepared on accrual basis of accounting, under historical cost convention except marketable securities which have been accounted for on the basis of cost or market price whichever is lower at the balance sheet date.

2.03 Disclosure of deviations from few requirements of IAS/IFRS due to mandatory compliance of Bangladesh Bank's requirements

Bangladesh Bank (the local Central Bank) is the prime regulatory body for Non-Banking Financial Institutions (NBFI) in Bangladesh. Some requirements of Bangladesh Bank's rules and regulations contradict with those of financial instruments and general provision standards of IAS and IFRS. As such the Company has departed from those contradictory requirements of IAS/IFRS in order to comply with the rules and regulations of Bangladesh Bank, which are disclosed along with impact where applicable.

2.03.01 Valuation of Investments in quoted and unquoted shares and securities

IFRS: As per requirements of IFRS 9, classification and measurement of investment in shares and securities will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Based on these factors it would generally fall either under "at fair value through profit or loss account" or under "at fair value through other comprehensive income" where any change in the fair value (as measured in accordance with IFRS 13) at the year-end is taken to profit and loss account or other comprehensive income respectively.

Bangladesh Bank: As per FID circular No. 08 dated 03 August 2002 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively.

Provision should be made for any loss arising from diminution in value of investment. As such the Company measures and recognizes investment in quoted and unquoted shares at cost if the year-end market value (for quoted shares) and book value (for unquoted shares) are higher than the cost. In order to comply with the requirement specified in DFIM Circular No. 02 dated January 31, 2012 the company has charged the entire amount of difference in market value and cost price of marketable securities to the profit and loss account. However as per requirements of IFRS 9 investment in shares falls either under "at fair value through profit and loss account" or under "available for sale" where any change in the fair value at the year-end is taken to profit and loss account or comprehensive income respectively.

2.03.02 Provision on loans and advances/investments

IFRS: As per IFRS 9 an entity shall recognise an impairment allowance on loans and advances based on expected credit losses. At each reporting date, an entity shall measure the impairment allowance for loans and advances at an amount equal to the lifetime expected credit losses if the credit risk on these loans and advances has increased significantly since initial recognition whether assessed on an individual or collective basis considering all reasonable information, including that which is forward-looking. For those loans and advances for which the credit risk has not increased significantly since initial recognition, at each reporting date, an entity shall measure the impairment allowance at an amount equal to 12 month expected credit losses that may result from default events on such loans and advances that are possible within 12 months after reporting date.

Bangladesh Bank: As per FID circular No. 08 dated 03 August 2002, FID circular No. 03, dated 03 May 2006 and DFIM circular No. 03, dated 29 April 2013 a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained. However such general provision satisfy the conditions of provision as per IFRS 9. At the year end the Company has recognized an accumulated general provision of BDT 124,624,763 (out of accumulated provision of BDT 272,777,135) under liabilities.

2.03.03 Recognition of interest income in suspense

IFRS: Loans and advances to customers are generally classified at amortised cost as per IFRS 9 and interest income is recognised by using the effective interest rate method to the gross carrying amount over the term of the loan. Once a loan subsequently become credit-impaired, the entity shall apply the effective interest rate to the amortised cost of these loans and advances.

Bangladesh Bank: As per DFIM circular no. 08 dated 23 September 2012, once a loan is classified, interest on such loans are not allowed to be recognized as income, rather the corresponding amount needs to be credited to an interest in suspense account, which is presented as liability in the balance sheet.

2.03.04 Other comprehensive income

IFRS: As per IAS 1 Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single Other Comprehensive Income statement.

Bangladesh Bank: Bangladesh Bank has issued templates for financial statements which shall strictly be followed by all banks and NBFI. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income (OCI) nor are the elements of Other Comprehensive Income allowed to be included in the Single Comprehensive Income (SCI) Statement. As such the company does not prepare the other comprehensive income statement. However the company does not have any elements of OCI to be presented.

2.03.05 Financial instruments – presentation and disclosure

IFRS 7 "Financial Instruments: Disclosure"

IAS 32 "Financial Instruments: Presentation"

IAS 32 and IFRS 7 is require specific presentation and disclosure relation to all Financial Instruments.

Treatment adopted as per Bangladesh Bank:

Bangladesh Bank has issued templets for financial statements vide DFIM Circular No. 11, dated 23 December 2009 which will strictly be followed by all Banks and NBFI.

As per Bangladesh Bank Guidelines, financial instruments are categorised, recognised and measured differently from those prescribed in IFRS 9. As such some disclosure and presentation requirements of IFRS 7 and IAS 32 have not been made in the accounts.

2.03.06 Write off

Write-off describes a reduction in recognized value. It refers to recognition of the reduced or zero value of an asset. Generally it refers to an investment for which a return on the investment is now impossible or unlikely.

The item's potential return is thus canceled and removed from ("written off") the Company's balance sheet. Recovery against debts written off/provided for 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.

2.04 Date of Authorization

The Board of Directors has Authorized this financial statements for public issue on 23 July, 2020.

2.04.01 Components of the financial statements

The financial statements comprise of (As per DFIM Circular No. 11, Dated 23 December 2009):

- a) Balance Sheet as at 31 December 2019.
- b) Profit and Loss Account for the year ended 31 December 2019.
- c) Statement of Cash Flows for the year ended 31 December 2019.
- d) Statement of Changes in Equity for the year ended 31 December 2019.
- e) Liquidity Statement for the year ended 31 December 2019 and
- f) Notes to the Financial Statements for the year ended 31 December 2019.

2.05 Functional and Presentation Currency

The figures of the financial statements are presented in Bangladesh Currency (Taka) and have been rounded off to the nearest Taka, which is the functional currency of NHFIL.

2.06 Use of Estimates and Judgments

The preparation of financial statements in conformity with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. It also requires disclosures of contingent assets and liabilities at the date of the financial statements.

The most critical estimates and judgments are applied to the following:

- Provision for impairment of loans, leases and investments
- Gratuity
- Useful life of depreciable assets

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

However, the estimates and underlying assumptions are reviewed on an ongoing basis and the revision is recognized in the period in which the estimates are revised.

Contingent liabilities and contingent assets

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

2.07 Branch accounting

The Company has seven branches, with no overseas branch as on 31 December 2019. Accounts of the branches are maintained at the corporate office from which these accounts are drawn up.

2.08 Liquidity Analysis

The liquidity analysis have been made on the basis of assets and liabilities as on the reporting date considering the residual maturity term as per the following basis:

- a) On the basis of residual maturity term:
 - i) Money at call and on short notice
 - ii) Balance with Banks
 - iii) Investments

iv) Borrowing from Banks and Financial Institutions

v) Public deposits

vi) Other liabilities

b) Loans and advances on the basis of their repayment schedule

c) Fixed assets on the basis of their estimated useful lives

2.09 Reporting Period

These financial statements have been prepared for the period from January 01, 2019 to December 31, 2019.

2.10 IAS 7: Cash Flow Statement

IAS: The Cash flow statement can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

Bangladesh Bank: As per DFIM 11 dated 23-12-2009, cash flow is the mixture of direct and indirect methods.

2.10.01 Cash and cash equivalent

IAS: Cash and cash equivalent items should be reported as cash item as per IAS 7.

Bangladesh Bank: Some cash and cash equivalent items such as 'money at call and on short notice', treasury bills, Bangladesh Bank bills and prize bond are not shown as cash and cash equivalents. Money at call and on short notice presented on the face of the balance sheet, and treasury bills, prize bonds are shown in investments.

2.10.02 Non-banking asset

IFRS: No indication of Non-banking asset is found in any IFRS.

Bangladesh Bank: As per DFIM 11 dated 23-12-2009, there must exist a face item named Non-banking asset.

2.10.03 Going concern

The company has adequate resources to continue in operation for foreseeable future. For this reason the directors continue to adopt going concern basis in preparing the accounts. The current credit facilities and resources of the company provide sufficient funds to meet the present requirements of its existing business and operation.

The outbreak of COVID 19 across the world has resulted in disruptions in the business activities everywhere. COVID-19 poses existential threats on the ability of a business to survive, which in turn have significant financial reporting impacts – from going concern and liquidity to recoverability and valuation of assets

However, the COVID-19 virus can evolve in various directions. If society, and as a consequence business, is exposed to COVID-19 for a longer period of time, this may result in prolonged negative results and pressure on our liquidity and profitability. However, NHFIL has taken and will take various measures to keep the Company's going concern status:

Response to address the COVID-19 Effects:

- i) This includes ensuring adequate safety and health measures for the employees like social distancing and working from home to ensure the safety of the employees;
- II) Prudent balance sheet and cash management to ensure enough liquidity to manage all obligations;
- III) Introducing and implementing contingency plans for liquidity and putting into controls for regular monitoring;
- IV) Effective cost control measures are already in place to combat the unprecedented situation;
- V) Reduce certain expenses which is required in normal business scenario but not 100% applicable during overall slowdown of macroeconomic and industry specific environment;

Furthermore, the management is continuously monitoring NHFIL's key ratios and is confident enough to undertake all crisis management and business continuity measures. The Management of the company has performed extensive analysis on the possible impact and has responded through adequate measures mitigating possible impacts. Through conducting a stringent review and an assessment of the levels of facilities expected to be available to the company, the management strongly believes that the NHFIL has adequate resources for a period of at least 12 months from the date of authorized for issue of the financial statements.

So, based on the facts and circumstances known at this moment, the management believes there is no material uncertainty that may cast any doubt upon the NHFIL's ability to continue as a going concern

2.10.04 Materiality and aggregation

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

2.11 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 January 01, 2012 with its subsequent supplements/revisions. Instructions regarding Minimum Capital Requirement (MCR), Adequate Capital and Disclosure requirement as stated in these guidelines have to be followed by all FIs for the purpose of statutory compliance.

As per CAMD guidelines National Housing Finance and Investments Limited management should maintain a Capital Adequacy Ratio (CAR) of minimum 10%. In line with CAMD guideline's requirement, NHFIL has already formed BASEL-II implementation unit (BIU) is headed by Managing Director to ensure timely implementation of BASEL-II accord.

2.12 Legal proceedings

NHFIL has got strong legal team for efficiently handling of company's legal matters including favorable disposal of court cases (both civil and criminal) for recovery of Non Performing Loans (NPL). For which company's asset quality is being improved. At present, relating to legal proceedings, we have no material adverse effect on business, financial conditions or results of operations.

3.00 Significant accounting policies

The accounting policies applied for preparation of this Financial Statements have been applied consistently for both the periods presented herein.

3.01 Authorized Capital

Authorized capital is the maximum amount of share capital that the Company is authorized by its Memorandum and Articles of Association.

3.02 Paid up Capital

Paid up capital represents total amount of shareholders' capital that has been paid in full by ordinary shareholders. Ordinary shareholders are entitled to vote at shareholders' meeting & receive dividends as declared from time to time.

3.03 Statutory Reserve

Statutory reserve has been maintained @ 20.00% of profit after tax in accordance with provisions of section 9 of the Financial Institutions Act 1993 until such reserve equal to its paid up capital.

3.04 Revenue Recognition

3.04.01 Interest Income

Mortgage Loans

Repayment of housing (mortgage) loans is made by way of Equated Monthly Installments (EMI) which consists of principal and interest. Interest is calculated annually on the outstanding balance at the beginning of the year. EMI commences after disbursement of loan in full. EMI and Pre-EMI interests are recoverable every month from the borrowers, interest on loan due for payment for more than 9 (nine) months are not taken into account.

Lease Finance

The Company follows the finance lease method following IAS 17: Leases to account for lease income. Interest are recognized as and when accrued/earned on the basis of accrual basis of accounting. Interest outstanding more than 2 (two) months for 5 (five) years loan and more than 5 (five) months for over 5 (five) years loan is not recognized as revenue but recognized as interest suspense complying the requirements by the DFIM of Bangladesh Bank.

Term Finance

Income from term finance is recognized when interest is accrued, but no interest of installments is taken into account that becomes due for more than 2 (two) months for 5 (five) years loan and more than 5(five) months for over 5 (five) years loan but recognized as interest suspense complying the requirements by the DFIM circular of Bangladesh Bank.

Fixed Deposits

Fixed deposits, if not encashed on due date, is considered automatically renewed at the equivalent current rate of interest. Interest on fixed deposits is recognized as income as and when accrued.

3.04.02 Investment Income

Income on investment is recognized on accrual basis.

3.04.03 Fees and Commission Income

Fees and commission comprises application fees and administration fees computed on sanctioned loan amount.

3.05 Expenditure Recognition

3.05.01 Interest Paid and Other Expenses

Interest paid and other expenses are recognized on accrual basis.

3.05.02 Loan Loss Provision

General provision @ 1.00% & 0.25% on the unclassified loans are made as per policy prescribed by the Bangladesh Bank. In addition to Bangladesh Bank's policy for provision against non-performing loans, the Company follows a stringent policy to make provision against its non-performing loans.

3.05.03 Fixed Assets

i) Recognition and measurement

Items of fixed assets excluding land and building are measured at cost less accumulated depreciation and accumulated impairment losses. Land and building is recognized at cost at the time of acquisition. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the assets to its working condition for its intended use as per International Accounting Standard (IAS) 16 "Property, Plant and Equipments".

ii). Subsequent Cost

Subsequent costs are capitalized only when it is probable that the future economic benefits associated with the costs will flow to the entity. Ongoing repairs and maintenance is expensed as incurred.

iii) Depreciation

Depreciation on fixed assets except land is provided on Reducing Balance Method and additions made during the year is charged for the whole year, while no depreciation is charged in the year of disposal. Asset category wise depreciation rates are as follows:

Items	Rates
Land and Building	10.00%
Newly acquired Building	3.00%
Furniture	10.00%
Office Equipment	20.00%
Motor Vehicle	20.00%

3.06 Employee Benefits

3.06.01 Provident Fund

The Company has introduced a Contributory Provident Fund for its eligible employees with effect from January 2002, obtaining necessary approval from the National Board of Revenue, GoB. Provident Fund is administered by a Board of Trustee of the Company. All confirmed employees are contributing 10.00% of their basic salary as subscription of the fund and the Company also contributed at the same rate to the fund. The contributions are invested in compliance with the PF Trust Deed. Members are eligible to get the both contribution after completion of 5(five) years continuous service.

3.06.02 Gratuity Fund

The Company has introduced a Funded Gratuity Scheme in the year 2004 obtaining necessary approval from the National Board of Revenue, GoB. The Gratuity Scheme is administered by a Board of Trustees. Members are eligible to get the gratuity benefit after completion of minimum 5(five) years of confirmed service in the company. Gratuity is calculated on the basis of last basic salary and is payable at the rate of one month's basic pay for every completed year of service.

3.07 Income Tax

3.07.01 Current Tax :

Provision for current year's taxation has been made as per the provision of Income Tax Ordinance 1984 at the ruling rate prescribed in the Finance Act, 2019 and consistent with the past practice.

3.07.02 Deferred Tax

Deferred Tax has been accounted for as per International Accounting Standard (IAS)-12: Income Taxes. It arises due to temporary difference, deductible or taxable, for the events or transaction recognized in the income statement. A temporary difference is the difference between the tax base of an asset or liability and its carrying amount/reported amount in the financial statement. Deferred Tax asset or liability is the amount of income tax payable or recoverable in future period (s) recognized in the current period. The Deferred Tax asset/income or liability/expense does not create a legal liability/recoverability to and from the income tax authority.

3.08 Earnings Per Share (EPS)

Earnings Per Share (EPS) has been computed by dividing the basic earnings by the weighted average number of ordinary shares outstanding as at December 31, 2019. The Company calculates EPS in accordance with IAS 33: Earnings Per Share, which has been shown on the face of Profit & Loss Account, and the computation of EPS is stated in note 32.00. This represents earnings for the year attributable to ordinary shareholders. As there was no preference dividend, minority interest or extra ordinary items, the net profit after tax for the year has been considered as fully attributable to the ordinary shareholders.

3.09 Dividend

Dividend on ordinary shares are recognized as a liability and deducted from retained earnings after due approval by the shareholders in the respective Annual General Meeting (AGM). Dividend recommended by the Board of Directors for approval of the shareholders for the year 2019 has been stated as post balance sheet events in note 47.00.

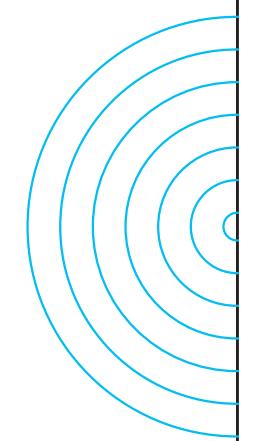
3.10 Related party disclosure

As per International Accounting Standards (IAS) 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. Related party disclosures have been given in note-53 .

3.11 Regulatory & Legal Compliances

The Company has complied with the requirements of following regulatory and legal authorities:

- a) The Financial Institutions Act 1993;
- b) The Companies Act 1994;
- c) Rules and Regulations Issued by Bangladesh Bank;
- d) The Securities and Exchange Rules-1987;
- e) The Securities and Exchange Ordinance-1969;
- f) The Securities and Exchange Commission Act-1993;
- g) The Securities and Exchange Commission(Public Issue) Rules-2006;
- h) The Financial Institutions Regulations, 1994
- i) The Income Tax Ordinance 1984;
- j) The VAT and Supplementary Duty Act 2012.
- k) The VAT and Supplementary Duty Rule 2016.
- l) The 1st Schedule (under section 38) of Banking Companies Act 1991 for preparation of Financial Statements.



3.12 Compliance of International Accounting Standard (IAS) & International Financial Reporting Standard (IFRS)

The financial statements have been prepared in accordance with the applicable accounting and reporting standards i.e. IAS & IFRS as adopted by the Institute of Chartered Accountant of Bangladesh (ICAB). The following table shows the compliance status of IAS & IFRS for preparation and presentation of the financial statements:

Name of the IAS	IAS No	Status of Compliance
Presentation of Financial Statements	IAS-01	Applied
Inventories	IAS-02	Not Applicable
Cash Flow Statements	IAS-07	Applied
Accounting Policies, Changes in Accounting Estimates & Errors	IAS-08	Applied
Events after the Reporting Period	IAS-10	Applied
Income Taxes	IAS-12	Applied
Segment Reporting	IAS-14	Not Applicable
Property, Plant & Equipment	IAS-16	Applied
Leases	IAS-17	Applied
Employee Benefits	IAS-19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	IAS-20	Not Applicable
The Effect of Changes in Foreign Exchange Rates	IAS-21	Not Applicable
Borrowing Costs	IAS-23	Applied
Related Party Disclosure	IAS-24	Applied
Accounting and Reporting by Retirement Benefit	IAS-26	Not Applicable
Consolidated and Separate Financial Statements	IAS-27	Not Applicable
Investments in Associates and Joint Ventures	IAS-28	Not Applicable
Financial Reporting in Hyperinflationary Economics	IAS-29	Not Applicable
Interest in Joint Venture	IAS-31	Not Applicable
Financial Instrument Presentation	IAS-32	Applied
Earnings Per Share	IAS-33	Applied
Interim Financial Reporting	IAS-34	Applied
Impairment of Assets	IAS-36	Applied
Provisions, Contingent Liabilities and Contingent Assets	IAS-37	Applied
Intangible Assets	IAS-38	Applied
Investment Property	IAS-40	Not Applicable
Agriculture	IAS-41	Not Applicable

Name of the IFRS	IFRS No	Status of Compliance
First Time adoption of IFRS	IFRS-1	Not Applicable
Share Based Payment	IFRS-2	Not Applicable
Business Combination	IFRS-3	Not Applicable
Insurance Contracts	IFRS-4	Not Applicable
Non-current Assets held for Sale and Discontinued Operations	IFRS-5	Not Applicable
Explanation for and Evaluation of Mineral Resources	IFRS-6	Not Applicable
Financial Instruments: Disclosures	IFRS-7	Applied *
Operating Segments	IFRS-8	Applied
Financial Instruments	IFRS-9	Applied *
Consolidated Financial Statements	IFRS-10	Not Applicable
Joint Arrangements	IFRS-11	Not Applicable
Disclosure of Interests in Other Entities Financial Institutions	IFRS-12	Not Applicable
Fair Value Measurement	IFRS-13	Applied *
Revenue from Contracts with customers	IFRS-15	Applied
Leases	IFRS-16	Not Applied **

* As the regulatory requirements differ with the standards, relevant disclosures have been made in accordance with Bangladesh Bank's requirements (please see note 2.03).

** IFRS-16 became applicable from 1st January 2019 as adopted by ICAB. However the management of National Housing Finance and Investment Limited has decided to adopt from the following year.

In addition to above, NHFIL has not recognized the leases of Right-of-use assets and its Depreciation. Finally, has not transferred Lease Liabilities at Net Present Value from Office Rent Expense (turning Rent expense into zero), interest expense on lease liabilities, total cash outflow of the leases, the carrying amount of right-of-use assets at the end of the reporting period by class of underlying asset according to para-47 & 53 of IFRS-16.

3.13 Financial risk management

NHFIL 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 is in place within the Company to address risks relating to credit, market, liquidity, operations and money laundering and terrorist financing. In addition to the industry best practices for assessing, identifying and measuring risks, NHFIL 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 18 September 2005 for management of risks and, more recently, DFIM Circular No. 03 dated 24 January 2016.

Credit Risk

The Credit Risk Management Committee (CRM) regularly meets to review the market and credit risk related to lending and recommend and implement appropriate measures to counter associated risks. The CRM critically reviews projects from risk point of view. An independent Credit Risk Management Department is in place, at NHFIL, to scrutinize projects from a risk-weighted point of view and assist the management in creating a high quality credit portfolio and maximize returns from risk assets.

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. NHFIL has also strong access to money market and credit lines at a competitive rate through good reputation, strong earnings, financial strength and credit.

Liquidity Risk

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 operation, current liquidity position, collections from financing, available sources of funds and risks and returns.

Operational Risk

Appropriate internal control measures are in place, at NHFIL, to address operational risks. NHFIL has also established an Operational Risk Management (ORM) 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. The function of the ORM department is to exercise constant vigilance against erosion of Shareholders' value by identifying, assessing, measuring and managing operational risk resulting from inadequate or failed internal processes, people and systems or from external events.

Money Laundering and Terrorist Financing Risk

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

a) Business risk which is the risk that NHFIL may be used for money laundering or for the financing of terrorism and

b) Regulatory risk which is the risk that NHFIL fails to meet regulatory obligations under the Money Laundering Prevention Act, 2012 (subsequently amended in 2015) and the Anti-Terrorism Act, 2009 (subsequently amended in 2012 and 2013).

To mitigate the risks, NHFIL, while adhering to various guidelines and circulars issued by the Bangladesh Financial Intelligence Unit (BFIU), has in place a strict compliance program consisting of the following components:

- a) Internal policies, procedures and controls, which are continually updated as and when required, to identify and report instances of money laundering and terrorism financing.
- b) A dedicated structure and sub-structure within the organization, headed by a Central Compliance Unit (CCU), for proactively managing 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 audit functions, including internal and external audit, to test the programs.

Additional risks required to be addressed under regulatory requirements

DFIM Circular No.03 of 2016, introduced the Integrated Risk Management Guidelines for Financial Institutions ("the guidelines"). These guidelines supplement, and do not replace, existing risk management guidelines.

The Integrated Risk Management Guidelines for Financial Institutions specify a number of additional risks that financial institutions are now required to manage in a more structured manner. Key among these are:

Strategic Risk

Strategic risk has been defined as the risk of possible losses that might arise from adverse business decisions, substandard execution and failure to respond properly to changes in the business environment. The guidelines set out the respective roles of the board of the directors, senior management and business units in managing strategic risks, identify the minimum steps to be followed in the strategic risk management process and also suggest measures for strategic risk control.

NHFIL has been managing strategic risks ever since its inception. This is evident from the constantly evolving business model of the company over the years. The company has a clear strategic vision as to what it wants to be and a mission statement that states what it will do to achieve its vision. Strategic issues are discussed at a variety of forums including meetings of the Management Committee and of the NHFIL Board. Over the past few years, a separate Strategic Planning department has been set up to assist senior management in this regard.

Compliance Risk

Compliance risk is defined as the current or prospective risk of legal sanction and/or material financial loss that an organisation may suffer as a result of its failure to comply with laws, its own regulations, code of conduct, and standards of best practice as well as from the possibility of incorrect interpretation of laws or regulations. The guidelines set out the respective roles of the board, senior management and compliance function units in managing compliance risks and also require formulation of a written compliance risk management policy.

Historically, NHFIL has always fostered a compliance oriented culture. This has been reinforced in a variety of ways, ranging from formal requirements to sign declarations of compliance with the NHFIL code of conduct (which requires compliance with the law & regulations) to repeated communications from senior management stressing the need to do business in a compliant manner. In general, compliance risk management is embedded in the day to day to business processes and practices of the company. Concerned departments are kept informed of latest legal and regulatory requirements by the ICC and Corporate Affairs departments. A consideration of compliance (or any potential non-compliance) with laws and regulations is a standard part of the company's regular decision making processes. Wherever deemed necessary, appropriate legal advice is sought from qualified internal and/or external legal counsel.

Reputation Risk

Reputation risk may be defined as the risk of loss arising from damages to an organization's reputation. The guidelines set out the respective roles of the Board and senior management in managing reputation risk and also require financial institutions to implement a sound and comprehensive risk management process to identify, monitor, control and report all reputational risks.

NHFIL has already established a set of non-financial reputational risk indicators and put in place a process for monitoring these and any other matters that might give rise to potential reputational risk issues. Till date, no material reputational risk issue involving the company has been identified.

Environmental & Social Risk

As the best financial brand in promoting sustainable business practices, NHFIL have adopted Environmental & Social Risk Management System as one of its integral parts of Credit Risk Assessment to compute environmental & social risks from our financial footprints. NHFIL is one of the front runners to add "Environmental & Social Management System (ESMS)" within its framework, to minimize environmental &

social risks from the organizational activities. NHFIL also have a dedicated E & S team to rollout the operations of ESMS across the organization, capacity building of the business unit as well as the credit risk management officials to strengthen the core of our in E & S Risk management.

ICT Risks

Risks arising due to system breakdown, non-availability of systems, errors and disruptions or not keeping pace with the technological changes, there was continuous monitoring of employees and users of ICT systems to ensure strict adherence to information security policies, pertaining to safeguard confidentiality of information and to secure accuracy of information. Company's IT Department conducted a comprehensive staff training program on information system security awareness to all users. NHFIL is in process to implement fully automated software having adequate safety & security measures.

Future technological needs of the Company is to be reviewed and identified as a part of the strategic plan development process for next three financial years. IT department reviewed policies in relation to, hardware and software procurement and maintenance procedures, business contingency plan on ICT, system licensing procedures etc.

	2019 Taka	2018 Taka
4.00 Cash		
Cash in hand:		
Local currency	48,259	77,732
Foreign currencies	-	-
	48,259	77,732
Balance with Bangladesh Bank and its agent Bank:		
Local currency	258,288,276	194,421,756
Foreign currencies	-	-
	258,288,276	194,421,756
	258,336,535	194,499,488
4.01 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 Institutions Act, 1993 & Financial Institutions Regulations, 1994, FID Circular No. 06, dated 06 November 2003, FID Circular No. 02 dated 10 November 2004 and DFIM Circular Letter No. 01, dated 12 January 2017		
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) and 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 Taka), balance with Bangladesh Bank and other Banks and Financial Institutions, unencumbered treasury bill, bond and any other assets approved by Government gazette or by Bangladesh Bank. Details of CRR & SLR maintained by the company are shown in the note: 4.01.01 & 4.01.02.		
4.01.01 Cash Reserve Requirement (CRR)		
Required reserve	249,383,411	191,196,637
Actual reserve held	258,288,276	194,421,756
Surplus/(deficit)	8,904,865	3,225,119
4.01.02 Statutory Liquidity Reserve (SLR)		
Required reserve	567,412,677	444,777,626
Actual reserve held (including CRR)	3,416,879,604	6,864,382,937
Surplus/(deficit)	2,849,466,927	6,419,605,311
5.00 Balance with banks and other financial institutions		
5.01 In Bangladesh		
On current accounts (note: 5.01.01)	11,107,041	9,132,078
On Short Term Deposit (STD) Accounts (note: 5.01.02)	442,231,448	490,934,756
On Fixed Deposit Account (note: 5.01.03)	3,080,000,000	6,945,188,115
	3,533,338,489	7,445,254,949
Outside Bangladesh		
5.01.01 On Current Accounts		
AB Bank Limited	184,465	184,465
Agrani Bank Limited	543,144	1,816,025
Bank Asia Limited	6,396,816	3,127,936
Janata Bank Limited	2,810	3,845
EXIM Bank Limited	822,508	182,619
National Bank Limited	2,508,081	3,407,568
Woori Bank Limited	24,955	4,475
Trust Bank Limited	12,290	13,210
Mercantile Bank Limited	611,972	391,934
The City Bank Limited	-	-
	11,107,041	9,132,078

	2019 Taka	2018 Taka	2019 Taka	2018 Taka
5.01.02 On Short Term Deposit (STD) Accounts				
Islami Bank Bangladesh Limited	4,802,703	1,149,717		
AB Bank Limited	177,187	12,072		
Commercial Bank of Ceylon PLC	2,631,592	12,290,991		
Dutch Bangla Bank Limited	531,570	2,376,338		
Bank Asia Limited	8,584,477	15,654,759		
Mutual Trust Bank Limited	23,337	4,883,520.50		
Eastern Bank Limited	1,609,166	51,904,614		
Exim Bank Limited	919,036	8,389		
Jamuna Bank Limited	43,699,391	33,746,937		
National Bank Limited	3,062,311	14,336,383		
National Credit and Commerce Bank Limited	3,439,844	-		
NRB Bank Limited	583,495	-		
One Bank Limited	2,960,449	2,204,520		
Prime Bank Limited	212,838	1,016,730		
Premier Bank Limited	3,340,816	1,961,608		
Pubali Bank Limited	556,719	90,018,991		
Shahjalal Islami Bank Limited	3,601,654	387,456		
Social Islami Bank Limited	2,668,773	-		
Standard Bank Limited	203,152	-		
Standard Chartered Bank Limited	201,275	-		
Sonali Bank Limited	391,678	6,592		
SBAC Bank Limited	82,685	47,649		
Southeast Bank Limited	107,899,137	7,644,247		
International Leasing and Financial Services Limited (note-5.01.02.1)	152,085,333	147,500,000		
Premier leasing & Finance Limited	61,000,000	65,800,000		
Fareast Finance Limited	16,000,000	31,300,000		
Trust Bank Limited	611,163	3,665,651		
Dhaka Bank Limited	14,605,474	-		
Padma Bank Limited	49,462	-		
Bank Alfalal Limited	55,519	97,043		
Mercantile Bank Limited	5,641,212	2,920,549		
	442,231,448	490,934,756		
5.01.02.1 International Leasing and Financial Services Limited				
Upon their inspection for the financial year ended 31 December, 2019, Bangladesh Bank FICL Audit inspection team advised to maintain provision at the rate of 20% effective from 2020 vide letter no- DFIM(C)1054/43/2020-1065 dated 14.07.2020. This was due to doubtfulness over the recoverability of the outstanding amount due to the current financial condition of International Leasing & Finance Services Ltd.				
5.01.03 On Fixed Deposit Account				
Dhaka Bank Limited			2,000,000,000	4,000,000,000
Exim Bank Limited			400,000,000	200,000,000
Jamuna Bank Limited			-	1,600,000,000
National Bank Limited			-	102,188,115
Industrial and Infrastructure Development Finance Company Limited			-	50,000,000
Islamic Finance and Investment Limited			-	100,000,000
IPDC Finance Limited			-	300,000,000
One Bank Limited			200,000,000	-
SBAC Bank Limited			350,000,000	300,000,000
Union Capital Limited			-	50,000,000
Social Islami Bank Limited			30,000,000	-
MIDAS Financing Limited			-	100,000,000
Prime Finance & Investment Limited			-	23,000,000
Uttara Finance & Investments Limited			100,000,000	-
Lankabangla Finance Limited			-	100,000,000
Padma Bank Limited			-	20,000,000
			3,080,000,000	6,945,188,115
5.02 Maturity Grouping of Balance with other Banks and Financial Institutions				
On demand			453,338,489	500,066,834
Up to 3(three) months			77,000,000	961,109,300
More than 3(three) months but not more than 1(one) year			1,972,554,367	4,589,290,920
More than 1(one) year but not more than 5(five) years			1,030,445,633	1,639,387,895
More than 5(five) years			-	-
			3,533,338,489	7,689,854,949
6.00 Money at call and on short notice				
With Banking Companies			-	-
			-	-
7.00 Investments				
Government securities			-	-
Other investments (note: 7.01)			123,259,172	129,891,081
			123,259,172	129,891,081
7.01 Other Investments				
Preference Shares			10,000,000	20,000,000
Ordinary Shares (note: 7.01.01)			113,259,172	109,891,081
			123,259,172	129,891,081

7.01.01 Investment in ordinary shares

Name of Company	Cost Price	Number of Shares	Cost Value	Market Price	Market Value as on 31.12.2019	Provision for diminution in value of share
ACI Formulations Limited	182.96	175,960	32,193,213	91.70	16,135,532	16,057,681
The ACME Laboratories Limited	102.43	75,000	7,682,244	60.90	4,567,500	3,114,744
Genex Infosys Limited	8.70	392	3,409	67.40	26,421	(23,011)
Lankabangla Finance limited	27.22	445,552	12,129,979	18.00	8,019,936	4,110,043
Runner Automobiles Limited	71.43	7,566	540,450	59.50	450,177	90,273
IDLC Finance Limited	74.12	400,000	29,646,566	45.40	18,160,000	11,486,566
Advent Pharma Limited	35.53	22,000	781,727	22.40	492,800	288,927
Titas Gas Limited	49.64	350,000	17,374,642	30.90	10,815,000	6,559,642
Coppertech Industries Limited	9.52	4,979	47,420	23.50	117,007	(69,587)
Silco Pharmaceuticals Limited	9.09	4,377	39,793	30.30	132,623	(92,830)
ADN Telecom Limited	30.00	18,969	569,070	30.00	569,070	-
Ring Shing Textiles Limited	9.83	115,609	1,136,422	10.30	1,190,773	(54,350)
New Line Clothings Limited	9.35	4,282	40,023	14.80	63,374	(23,350)
Sea Pearl Beach Resort & Spa Limited	9.53	3,916	37,300	41.30	161,731	(124,431)
Golden Harvest Agro Industries Limited	32.08	52,500	1,684,087	19.20	1,008,000	676,087
Lafarge Holcim Bangladesh Limited	64.50	145,000	9,352,827	33.60	4,872,000	4,480,827
Total			113,259,172	66,781,943	46,477,230	
Opening Balance				22,345,618	8,344,266	
Charge /(recovery) during the year				24,131,612	14,001,352	
Balance as on December 31, 2019				46,477,230	22,345,618	

7.01.02 Maturity-wise Grouping

On demand
Up to 3(three) months
More than 3(three) months but not more than 1(one) year
More than 1(one) year but not more than 5(five) years

2019 Taka	2018 Taka
113,259,172	109,891,081
10,000,000	10,000,000
-	-
123,259,172	129,891,081
12,516,487,107	11,088,647,799
77,627,236	87,281,758
218,745,701	328,502,891
646,525,688	746,387,271
14,381,287	59,718,417
21,109,547	53,429,455
13,494,876,567	12,363,967,591
388,734,612	1,863,623,027
27,671,276	127,108,173
4,722,617,088	1,098,438,885
1,634,819,116	1,939,148,893
6,721,034,475	7,335,648,613
13,494,876,567	12,363,967,591
13,417,249,331	12,284,399,297
77,627,236	79,568,294
-	-
-	-
13,494,876,567	12,363,967,591
13,494,876,567	12,363,967,591
10,678,371,111	9,771,062,402
924,862,514	720,077,148
-	-
-	-
613,914,613	544,851,821
1,277,728,329	1,327,976,220
13,494,876,567	12,363,967,591
13,494,876,567	12,363,967,591

8.00 Loans and advances

Mortgage loans
Lease finance
Term loans
Small & Medium Enterprises Loan
Loan Against Fixed Deposits
Staff loan (note: 8.05)

8.01 Maturity-wise Grouping of loans and advances

Up to 1 (one) months
Up to 3(three) months
More than 3(three) months but not more than 1(one) year
More than 1(one) year but not more than 5(five) years
More than 5(five) years

8.02 Loans, Advances and Leases

In Bangladesh
Loans
Leases
Overdraft
Cash Credit

Outside Bangladesh

8.03 Geographical Location-wise Grouping

In Bangladesh
Dhaka division
Chittagong division
Khulna division
Sylhet division
Barisal division
Rangpur division
Rajshahi division

Outside Bangladesh

	2019 Taka	2018 Taka
8.04 Significant Concentration-wise Grouping		
Directors & their related parties (Note: 53.00)	-	-
Staff:		
Managing Director	8,999,812	-
Senior Executives	12,109,735	88,775,059
Others	14,381,287	59,718,417
Industries:		
Agricultural loan	35,490,834	148,493,476
Large and medium enterprises	234,936,989	346,156,735
Small and cottage	646,525,688	724,688,014
Mortgage Loan		
Home mortgage loan	61,435,948	91,327,171
Commercial mortgage loan	942,898,625	1,162,171,920
Project mortgage loan	376,770,837	388,868,715
Trade & commercial		
	12,516,487,107	11,053,302,195
	13,494,876,567	12,363,967,591
8.05 Staff Loan		
Personal loan	19,174,349	51,319,654
Car loan	1,935,198	2,109,801
8.06 Details of Large Loan		
	21,109,547	53,429,455
As at 31st December 2019 there was no client with whom amount of outstanding and classified loans, advances and leases exceeded 15.00% of the total capital of the Company. Total capital of the Company was Taka 2,022.46 million and Taka 1,924.32 million respectively as at 2019 & 2018 respectively (note: 15.05).		
8.07 Grouping as per Classification Rules		
Unclassified:		
Standard	12,306,158,922	11,449,247,174
Special Mention Account	485,457,080	388,775,644
Classified:		
Sub-standard	12,791,616,002	11,838,022,818
Doubtful	124,923,021	112,906,070
Bad/loss	212,802,282	82,188,814
	365,535,263	330,849,889
	703,260,565	525,944,773
	13,494,876,567	12,363,967,591
8.08 Loan Type-wise Classified Loan		
Mortgage loans	335,690,562	286,129,394
Lease finance	68,924,912	61,356,336
Term Finance	72,574,120	53,768,281
Small & Medium Enterprises	226,070,971	124,690,762
	703,260,565	525,944,773

	2019 Taka	2018 Taka			
8.09 Sector-wise Allocation of Loans, Advances and Leases					
Government	11,155,603,386	9,832,770,102			
Private:					
Mortgage loan	77,627,236	87,281,758			
Industry	218,745,701	328,502,891			
Term Finance	1,360,883,721	1,220,532,093			
Commercial loan	646,525,688	746,387,271			
SME Loan	35,490,834	148,493,476			
Miscellaneous	13,494,876,567	12,363,967,591			
8.10 Securities Against Loans, Advances and Leases					
Collateral of moveable/immoveable assets	13,459,385,733	12,094,085,094			
Fixed Deposit Receipts (FDR)	14,381,287	59,718,417			
Fixed Deposit of other banks	-	156,734,625			
Personal guarantee	21,109,547	53,429,455			
Others	13,494,876,567	12,363,967,591			
8.11 Particulars of Required Provision for Loans, Advances and Leases					
Status	Outstanding Loans, Advances and Leases as at 31.12.2019	Base for Provision	Rate of Required Provision	Required Provision	Required Provision
For Loans, Advances and Leases:					
Unclassified-General					
All unclassified Loans	12,306,158,922	12,306,158,923	0.25% &		
			1%	120,291,731	110,205,353
Special Mention					
Account (SMA)	485,457,080	440,235,785	5.00%	22,011,793	17,840,347
Sub-total:	12,791,616,002	12,746,394,708		142,303,524	128,045,700
Classified-Specific					
Provision:					
Sub-standard	124,923,021	28,707,650	20.00%	5,741,530	864,662
Doubtful	212,802,282	24,382,131	50.00%	12,191,068	4,394,364
Bad/Loss	365,535,263	51,303,202	100.00%	51,303,202	61,422,023
Sub-total:	703,260,565	104,392,982		69,235,799	66,681,048
Grand-total:	13,494,876,567	12,850,787,691		211,539,323	194,726,749

Note- Excess provision kept for the year 2019 for an amount of Taka 161,586.

	2019 Taka	2018 Taka
8.12 Particulars of Loans, Advances and Leases		
Loans considered good in respect of which the Company is fully secured	13,473,767,020	12,310,538,136
Loans considered good against which the Company holds no security other than debtors' personal guarantee	19,174,349	51,319,654
Loans considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors	-	-
Loans adversely classified-no provision not maintained there against	-	-
	13,492,941,369	12,361,857,790
Loans due by directors or officers of the bank or any of them either separately or jointly with any other persons	86,028,217	88,775,059
Loans due from companies or firms in which the directors or officers of the Company have interest as directors, partners or managing agents or, in case of private companies, as members	-	-
Maximum total amount of advance, including temporary advance made at any time during the year to directors or managers or officers of the Company or any of them either separately or jointly with any other person	-	-
Maximum total amount of advance, including temporary advances granted during the year to companies or firms in which the directors of the Company are interested as directors, partners or managing agents or, in case of private companies, as members.	-	-
Due from banks/financial institutions	-	-
Classified loans, advances and leases:		
a) Classified loans, advances and leases on which interest has not been charged (Note-8.07)	365,535,263	330,849,889
b) Loans written off	-	42,292,697
c) Realized from previous written off	(40,408,513)	(1,007,128)
d) Provision on bad loans, advances and leases	69,235,799	66,681,048
e) Interest credited to the interest suspense account (Note-14.05)	187,857,462	132,018,149
f) Cumulative amount of the written off loans/Leases:		
Opening balance	339,825,657	298,540,088
Amount written off during the year	-	42,292,697
Cumulative to date	339,825,657	340,832,785
Recovery from write-off	40,408,513	1,007,128
Written off loans for which law suit filed	299,417,144	339,825,657

8.13 The directors of the Company have not taken any loan from National Housing during the year or there is no outstanding loan balances with any directors of the company.

	2019 Taka	2018 Taka
9.00 Fixed assets including premises, furniture and fixtures for 2019		
Cost		
Opening balance	297,672,217	295,539,107
Add: Addition during the year (Annexure - A)	101,063,727	4,316,876
	398,735,944	299,855,983
Less: Disposed during the year (Annexure-A)	-	(2,183,766)
Balance as on 31.12.2019	398,735,944	297,672,217
Less: Accumulated depreciation (9.01)	(85,148,058)	(69,727,958)
Written down value as on 31.12.2019	313,587,886	227,944,259
9.01 Accumulated depreciation		
Opening balance	69,727,958	61,377,920
Add: Depreciation charged during the year	15,420,100	10,361,159
	85,148,058	71,739,079
Less: Adjustment during the year	-	(2,011,121)
Balance as on 31.12.2019	85,148,058	69,727,958

For details please refer to Annexure - A

	2019 Taka	2018 Taka		2019 Taka	2018 Taka
10.00 Other assets			12.00 Borrowing from banks, other financial institutions and agents		
Income Generating Other Assets:			Secured		
Non-income Generating Other Assets:			In Bangladesh:		
Advance against fixed assets (note: 10.03)	9,854,000	94,690,027	Secured Overdraft		
Security deposits	254,460	154,460	Banking companies:		
Advance income tax (note: 10.01)	315,690,434	332,360,403	Eastern Bank Limited	80,890,698	-
Advance against branch office	65,000	2,207	Mercantile Bank Limited	46,261,207	3,799,949
Advance against office rent (note: 10.04)	1,629,501	1,838,500	SBAC Bank Limited	243,711,239	400,000,000
Stamp & Security Paper	176,370	619,020	Exim Bank Limited	100,073,611	-
Other receivables (note: 10.02)	188,632,896	187,444,273	Pubali Bank Limited	199,970,584	249,711,337
	516,302,661	617,108,891	Mutual Trust Bank Limited	160,858	-
10.01 Advance Income Tax			Non-banking financial institution		
Balance as at 1st January	332,360,403	326,304,486	Outside Bangladesh		
Add: Advance tax for the year:			Sub-total:		
Tax paid during the year	96,737,500	141,990,496	Term Loan :		
Tax deducted at source	49,249,563	46,566,365	Banking companies:		
Less: Adjusted against tax provision	(162,657,033)	(182,500,944)	Agrani Bank Limited	179,998,362	-
	(16,669,970)	6,055,917	Woori Bank Limited	162,000,000	162,000,000
Balance as at 31st December	315,690,434	332,360,403	Eastern Bank Limited	245,235,059	79,050,000
10.02 Other Receivables				587,233,421	241,050,000
Cheque dishonored charges	336,777	400,782	Non-banking financial institution		
Accounts receivable	53,374,302	5,907,284	Outside Bangladesh		
Interest on bank deposits	112,819,532	162,724,144	Sub-total:		
Receivable from Dhaka Stock Exchange Ltd.	-	1,754,565	Bangladesh Bank Loan:		
Receivable from Multi Securities	6,220	6,670	SME loan	161,163,602	307,457,258
Receivable from ETBL Securities	441,321	637,255	HML Refinance Scheme	210,011,691	238,735,867
Receivable from UFT Co. Ltd	2,190,558	142,032	Sub-total:		
Legal charges receivable	15,938,154	14,146,172	Un-secured		
Others	3,526,034	1,725,370	Money at call and on short notice: (note-12.02)		
	188,632,896	187,444,273	Banking companies:		
10.03 Advance against fixed assets			Sonali Bank Limited	-	170,000,000
Opening balance	94,690,027	77,249,503	Agrani Bank Limited	-	-
Add: Advance payment	9,602,000	27,810,126	United Commercial Bank Limited	-	40,000,000
Less : Transfer to fixed assets	94,438,027	10,369,602	Janata Bank Limited	-	110,000,000
	9,854,000	94,690,027			320,000,000
10.04 Advance against office rent			Non-banking financial institution		
Opening balance	1,838,500	2,150,100	Outside Bangladesh		
Add: Advance payment	900,000	2,025,000	Sub-total:		
Less : Adjustment for the year	1,108,999	2,336,600	Total:		
	1,629,501	1,838,500	Remaining Maturity Grouping of Borrowing		
11.00 Non-banking assets			Payable on demand	-	320,000,000
	-	-	Up to 1 (one) month	119,831,848	85,110,326
			Over 1(one) month to 3(three) months	301,635,360	123,119,589
			Over 3(three) months to 1(one) year	647,695,460	629,630,910
			Over 1(one) year to 5(five) years	560,314,244	558,731,000
			More than 5(five) years	-	44,162,586
				1,629,476,912	1,760,754,410
			12.02 Money at call and on short notice		
			Money at call and on short notice normally ranges between 1-3 days. At the closing date of 31 December 2019, all Money at call and on short notice had been paid for, resulting in zero balance.		

	2019 Taka	2018 Taka	2019 Taka	2018 Taka
13.00 Deposits and other accounts			14.02 General Provision on Loans, Advances and Leases	
Bank Term deposits	3,820,000,000	8,180,000,000	Balance as at 1st January	110,765,355
Customer deposits	9,413,847,419	7,956,881,144	Add: Provision made during the year	14,365,160
Other deposits (note: 13.02)	11,702,321	12,117,263	Less: Provision recovered	(505,752)
	13,245,549,740	16,148,998,406	Net charge in the profit & loss account	13,859,408
13.01 Remaining Maturity Grouping of Deposits and Other Accounts			Balance as at 31st December	124,624,763
Payable on demand	9,246,495	320,000,000	Provision on investments in share	124,624,763
Within 1(one) month	29,077,246	1,355,964,120	Balance as at 1st January	22,345,618
Over 1(one) month to 6(six) months	5,202,496,285	2,674,533,704	Add: Provision made during the year	24,131,612
Over 6(six) months to 1(one) year	2,608,796,282	2,280,842,982	Less: Provision recovered	-
Over 1(one) year to 5(five) years	2,067,694,960	3,916,630,296	Net charge in the profit & loss account	24,131,612
Over 5(five) years to 10(ten) years	3,328,238,472	3,994,633,723	Balance as at 31st December	46,477,231
More than 10(ten) years	-	1,606,393,581	Provision on others	
	13,245,549,740	16,148,998,406	Balance as at 1st January	12,071,405
13.02 Other Deposits			Add: Provision made during the year	2,754,240
Home mortgage loan deposit	730,354	730,354	Less: Provision recovered	(226,650)
Margin deposit	2,159,760	2,230,390	Net charge in the profit & loss account	2,527,590
Refundable share money deposit	6,210,394	6,210,394	Less: Fully provided debt written off	
Lease deposit	2,601,813	2,946,125	Provisions held at 31st December	14,598,995
	11,702,321	12,117,263	Interest Suspense Account	
14.00 Other liabilities			Balance as at 1st January	132,018,149
Provision for loans, advances ,investments and others(note: 14.01 to 14.04)	272,777,135	229,703,774	Add: Interest suspense charged during the year	360,754,916
Interest suspense (note: 14.05)	187,857,462	132,018,149	Less: Interest suspense realized during the year	(304,915,603)
Provision for gratuity (note: 14.06)	-	-	Net charge in the profit & loss account	55,839,313
Withholding tax payable	990,829	23,647	Less: Interest written off	
VAT & Excise duty payable	729,603	164,171	Balance as at 31st December	187,857,462
Provision for current tax (note: 14.07)	408,316,477	420,337,010	Write-off of Loans/Leases	
Provision for deferred tax (note: 14.09)	13,508,087	10,329,266		
Interest payable (note: 14.11)	556,829,074	480,709,542		
Accrued expenses (note: 14.10)	287,500	287,500		
Unclaimed dividend (note: 14.12)	15,527,319	14,290,267		
Accounts Payable	5,333,355	5,152,179		
Sundry deposit	10,388,089	14,183,737		
Sundry liabilities	-	-		
	1,472,544,931	1,307,199,242		
14.01 Specific Provision on Loans, Advances				
Balance as at 1st January	84,521,396	94,107,101	Balance at 1st January	339,825,657
Less: Fully provided debt written off	-	(38,781,723)	Net loans/leases written-off during the year	-
Provision after written off	84,521,396	55,325,378	No. of agreements written-off	19
Add: Provision made during the year	12,673,571	195,722,810	No. of clients written-off	16
Less: Provision recovered	(50,527,334)	(167,533,920)	Interest suspense against written-off loans/leases	-
Net charge in the profit & loss account	(37,853,763)	28,188,890	Provision adjusted against written-off loans/leases	(3,371,639)
Add: Recoveries of amounts previously written off	40,408,513	1,007,128	Recovery of loans/leases write-off loans/leases	-
Less: Written off of provision no longer required	-	-		(38,921,058)
Provisions held at 31st December	87,076,146	84,521,396		
			Balance of loans/leases written-off at 31st December 2019	299,417,144
				339,825,657

As per FID Circular no. 03 dated 15th March 2007 of Bangladesh Bank a financial institution should write-off its loans/leases to clean-up its financial statements subject to fulfillment of the criteria. As per Bangladesh Bank guidelines, National Housing Finance and Investments Limited has written-off its loans/leases as under:

Figures in BDT

Balance at 1st January	339,825,657	298,540,088
Net loans/leases written-off during the year	-	42,292,697
No. of agreements written-off	19	20
No. of clients written-off	16	17
Interest suspense against written-off loans/leases	-	(3,371,639)
Provision adjusted against written-off loans/leases	-	(38,921,058)
Recovery of loans/leases write-off loans/leases	40,408,513	1,007,128
Balance of loans/leases written-off at 31st December 2019	299,417,144	339,825,657

	2019 Taka	2018 Taka	2019 Taka	2018 Taka		
14.06 Provision for Gratuity Balance as at 1st January Add: Provision made during the year Less: Payment made during the year Less: Provision written back during the year Balance as at 31st December	5,409,980 (5,409,980) -	3,903,586 9,514,094 (13,417,680) -	-	287,500 - 287,500		
14.07 Provision for Current Tax Balance as on 1st January Add: Provision made during the year (note-14.07.01) Less: Excess provision for the year 2017 Less: Adjustment of advance tax Balance as at 31st December	420,337,010 154,156,617 (3,520,117) (162,657,033) 408,316,477	431,849,906 170,988,048 - (182,500,944) 420,337,010	480,709,541 1,604,764,186 1,528,644,654 556,829,074	297,621,424 1,436,339,425 1,253,251,308 480,709,541		
14.07.01 Provision made during the year Provision for current tax has been made on the basis of the profit for the year as adjusted for taxation purposes in accordance with the provisions of Income Tax Ordinance, 1984 and amendments made thereto. The current tax rate for the Company is 37.50% on taxable income.	Provision for current tax has been made on the basis of the profit for the year as adjusted for taxation purposes in accordance with the provisions of Income Tax Ordinance, 1984 and amendments made thereto. The current tax rate for the Company is 37.50% on taxable income.					
14.08 Provision for taxation Charged in the Profit & Loss Account Current tax (note: 14.07) Add/ (less): Deferred tax	150,636,500 3,178,821 153,815,321	170,988,049 833,986 171,822,035	14,290,267 212,784,000 211,546,948 15,527,319	15,711,392 202,144,800 203,565,925 14,290,267		
14.08.01 Average effective tax rates The average effective tax rate is calculated below as per International Accounting Standard (IAS) 12: "Income Taxes".	The average effective tax rate is calculated below as per International Accounting Standard (IAS) 12: "Income Taxes".					
Tax expenses (A) Accounting profit before tax (B)	153,815,321 390,622,848 39.38%	171,822,035 447,593,534 38.39%				
14.08.02 Reconciliation of effective tax rate: Tax using the company's tax rate Tax effect of: Provision for non-deductible expenses Adjustment/provision released during the year Other components of tax as per ITO 1984 Difference between accounting and tax depreciation.	37.50% -1.88% 0.26% 4.32% -0.81% 39.38%	37.50% 2.80% - -3.21% 1.30% 38.39%				
14.09 Deferred tax liability Balance as at 1st January Deferred tax income/(Expenses) Prior period adjustment (B/F) (note-14.09.01)	10,329,266 3,178,821 - 13,508,087	(3,021,365) 833,986 12,516,645 10,329,266				
14.09.01 Prior period adjustment (B/F) Prior period adjustment represent Deferred tax liabilities which was miscalculated and that has been corrected and the balance adjusted as per requirement of IAS-8 for proper reflection in the financial statements.	Prior period adjustment represent Deferred tax liabilities which was miscalculated and that has been corrected and the balance adjusted as per requirement of IAS-8 for proper reflection in the financial statements.					
14.09.01 Calculation of deferred tax Carrying amount of Fixed Assets (excluding land) Tax base value of Fixed Assets Taxable temporary difference Applicable tax rate Deferred tax assets on fixed assets	248,367,893 212,346,327 36,021,566 37.50% 13,508,087	170,724,266 143,179,556 27,544,710 37.50% 10,329,266	Number of shares Less than 500 501 to 5,000 5,001 to 10,000 10,001 to 20,000 20,001 to 30,000 30,001 to 40,000 40,001 to 50,000 50,001 to 100,000 100,001 to 1,000,000 Above 1,000,000 Total:	No of shareholders 2308 1903 326 240 70 31 20 44 51 22 5015	No of shares 257,419 3,442,257 2,320,396 3,402,339 1,742,082 1,083,942 926,922 3,188,183 11,565,506 89,102,154 117,031,200	% of holding 0.22% 2.94% 1.98% 2.91% 1.49% 0.93% 0.79% 2.72% 9.88% 76.14% 100.00%

The shares of the Company are listed with Dhaka Stock Exchange Ltd. & Chittagong Stock Exchange Ltd.

			2019 Taka	2018 Taka																
15.04	Capital Requirement																			
	As per the Section 4(GHA) of the Financial Institutions Rule, 1994 and subsequently updated vide DFIM circular no. 05 dated July 24, 2011 of Bangladesh Bank, an NBFI requires to have Tk.100 crore as its minimum capital which shall be deemed to be adequate capital. When the core capital equals or exceeds its minimum capital then the capital shall be treated as adequate capital of NBFI. Core capital consists of paid-up capital, retained earnings, statutory reserve and balance of current year's profit but in case of total capital it includes core capital plus general provision on good loans/leases. Status of the capital has given below:																			
		<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; width: 50%;">2019 Taka</th> <th style="text-align: center; width: 50%;">2018 Taka</th></tr> </thead> <tbody> <tr> <td>Core capital (paid-up capital, retained earnings & statutory reserve etc.)</td><td></td></tr> <tr> <td> Less: Required minimum capital</td><td></td></tr> <tr> <td>Surplus over minimum required capital</td><td></td></tr> <tr> <td>Core capital (paid-up capital, retained earnings & statutory reserve etc.)</td><td></td></tr> <tr> <td> Add: Provision on good loan/leases</td><td></td></tr> <tr> <td>Total capital</td><td></td></tr> <tr> <td> Less: Required minimum capital</td><td></td></tr> </tbody> </table>	2019 Taka	2018 Taka	Core capital (paid-up capital, retained earnings & statutory reserve etc.)		Less: Required minimum capital		Surplus over minimum required capital		Core capital (paid-up capital, retained earnings & statutory reserve etc.)		Add: Provision on good loan/leases		Total capital		Less: Required minimum capital			
2019 Taka	2018 Taka																			
Core capital (paid-up capital, retained earnings & statutory reserve etc.)																				
Less: Required minimum capital																				
Surplus over minimum required capital																				
Core capital (paid-up capital, retained earnings & statutory reserve etc.)																				
Add: Provision on good loan/leases																				
Total capital																				
Less: Required minimum capital																				
15.05	Capital Adequacy Ratio-As per BASEL-II																			
1.	Tier-1 (Core Capital)																			
1.1	Fully Paid-up Capital/Capital Deposited with BB	1,170,312,000	1,063,920,000																	
1.2	Statutory Reserve	513,900,723	466,539,218																	
1.3	Non-repayable share premium account	-	-																	
1.4	General Reserve	-	-																	
1.5	Retained Earnings	207,917,003	243,771,628																	
1.6	Minority interest in Subsidiaries	-	-																	
1.7	Non-Cumulative irredeemable Preference shares	-	-																	
1.8	Dividend Equalization Account	-	-																	
1.9	Others (if any item approved by Bangladesh Bank)	-	-																	
1.10'	Sub-Total (1.1 to 1.9)	1,892,129,727	1,774,230,846																	
	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 to 1.18)	-	-																	
1.20'	Total Eligible Tier-1 Capital (1.10-1.19)	1,892,129,727	1,774,230,846																	
2.	Tier-2 (Supplementary Capital)																			
2.1	General Provision (Unclassified loans up to specified limit + SMA + off Balance Sheet exposure)	130,334,348	130,092,164																	
2.2	Assets Revaluation Reserve up to 50%	-	-																	
2.3	Revaluation Reserve for Securities up to 45%	-	-																	
2.4	Revaluation Reserve for equity instrument up to 10%	-	20,000,000																	
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)	130,334,348	150,092,164																	
2.8	Applicable Deductions if any	-	-																	
	Total Eligible Tier-2 Capital (2.7-2.8)	130,334,348	150,092,164																	
	Total Capital	2,022,464,075	1,924,323,010																	
	Total risk weighted assets	11,606,816,178	11,584,034,711																	
	Required minimum capital 10% of RWA or Tk. 100.00 crore, which is higher.	1,160,681,618	1,158,403,471																	
	Surplus	861,782,457	765,919,539																	
	Capital Adequacy Ratio	17.45%	16.39%																	
16.00	Statutory reserve																			
	Balance as at 1st January	466,539,218	411,384,918																	
	Reserve made during the year (note-16.01)	47,361,505	55,154,300																	
16.01	Balance as at 31st December	513,900,723	466,539,218																	
	Reserve made during the year *																			
	Net Profit/(loss) after taxation	236,807,527	275,771,499																	
	Applicable Rate	20%	20%																	
		47,361,505	55,154,300																	
	*In compliance with the clause no 6 of Financial Institutions Regulations, 1994, Financial Institution is required to transfer at least 20% of it's profit after tax and before appropriation of dividend in a particular year, if the financial institution's sum of Share Premium Account (if any) and Statutory Reserves is less than the paid up capital of that financial institution. Accordingly, 20% of current year's profit after tax has been transferred to Statutory Reserve Account. Statutory reserve has been created at the rate of 20.00% of the net profit as per Bangladesh Bank's guidelines.																			
17.00	Retained earnings																			
	Balance as at 1st January	231,254,982	225,299,229																	
	Add: Net profit after tax for the year	236,807,527	275,771,499																	
	Less: Allocations:																			
	Transferred to statutory reserve	(47,361,505)	(55,154,300)																	
	Prior period adjustment (note-14.09)	-	(12,516,646)																	
	Issue of Bonus Share	(106,392,000)	-																	
	Dividend	(106,392,000)	(202,144,800)																	
		(260,145,505)	(269,815,746)																	
	Balance as at 31st December	207,917,003	231,254,982																	

	2019 Taka	2018 Taka	2019 Taka	2018 Taka
18.00 Income statement				
Income:				
Interest, discount and other similar income (note: 19.00)	2,051,842,879	1,995,665,758		
Dividend income (note: 21.00)	3,405,417	5,812,457		
Fees, commission & brokerage (note: 22.00)	6,500	57,500		
Gains less losses arising from investment in securities(note: 21.01)	992,417	1,830,619		
Other operating income (note: 23.00)	18,743,844	24,971,263		
Expenses:				
Interest on borrowing, fees and commission (note: 20.00)	2,074,991,057	2,028,337,597		
Losses on loan, advances and leases (note: 31.00)				
Administrative expenses				
Other operating expenses (note: 30.00)				
Depreciation on banking assets (note: 29.00)				
19.00 Interest income				
Interest on mortgage loan:				
Home mortgage loan	1,298,564,281	1,126,788,711		
Commercial mortgage loan	148,440,155	119,010,996		
Project mortgage loan	43,382,258	43,428,690		
Less: Interest suspense				
Interest on lease finance:				
Industrial equipment	1,490,386,694	1,289,228,397		
Vehicles	-	(15,948,253)		
Delinquent interest				
Interest on term finance	1,490,386,694	1,273,280,144		
Less: Interest suspense				
Interest on fixed deposits				
Interest on short term deposit				
Interest on loan against FDR				
Interest on staff loan				
20.00 Interest paid on deposits, borrowings etc.				
Call money interest	2,051,842,879	1,995,665,758		
Secured overdraft interest				
Term deposit interest				
Term loan interest				
Customer Deposit Int. - Kotipoti Scheme				
Customer Deposit Int. - Education Pension Scheme				
Customer Deposit Int. - Housing Deposit Scheme				
Customer Deposit Int. - Mohila Savings Scheme				
Customer Deposit Int. - Money Multiplier Scheme				
Customer deposit interest - Term Deposit				
Customer deposit interest - Income Account				
Customer deposit interest - Double Money Account				
Customer deposit interest - Triple Money Account				
Customer deposit interest-MSS				
Customer deposit interest-MLNR				
HML refinance interest				
SME loan interest				
21.00 Investment Income				
Dividend Income *				
Dividend on ordinary shares				
Dividend on preference shares				
21.02 Gains /losses from investment in securities *				
Gain on sale of shares				
Loss on sale of shares				

*The overall market condition of shares and securities deteriorated during the financial year, which had resulted in diminution of values of shares and securities and decreased payout of dividend from investments in share in various companies. Investment income has significantly decreased due to the aforesaid reason

22.00 Commission, exchange and brokerage			
Fees			
23.00 Other operating income			
Application, processing and documentation fees			
Delinquent charge-MSS,MLNR etc.	18,739,229	21,386,088	
Interest on call Money lending	4,615	4,920	
Other income	-	-	
		3,580,255	
		18,743,844	24,971,263
24.00 Administrative expenses			
24.01 Directors' fees and expenses			
This represents fees paid for attending board meetings and other committee meetings @ Tk. 8,000/- per attendance per person.			
	1,124,800	1,950,400	
	1,124,800	1,950,400	
24.02 Salaries and allowances			
Salary & allowances (note: 24.02.01)	104,621,737	78,905,173	
Provident fund contribution	5,068,636	4,006,172	
Gratuity	5,409,980	9,514,094	
Bonus	12,584,930	7,971,859	
	127,685,283	100,397,298	

24.02.01 Salary & allowances
This includes managerial remuneration of Taka 85.67 million and balance amount Taka 42.02 million is on account of staff salary, bonus and other allowances. The number of employees including contract based employees were 196 and 181 for the year 2019 & 2018 respectively.

		2019 Taka	2018 Taka		2019 Taka	2018 Taka
24.03	Rent, taxes, insurance, electricity etc.			30.00	Other expenses	
Office maintenance		2,382,122	2,048,326	Traveling expenses	298,716	212,700
Office rent (note: 24.03.01)		3,204,665	2,989,200	Conveyance bill	2,697,998	2,547,721
Security Guard		1,004,107	1,025,800	Training	298,724	444,728
City corporation Taxes		825,006	51,748	Bank charges and excise duty	3,285,344	3,452,185
Electricity		2,650,562	2,328,118	Books, periodicals and others	-	42,205
Utilities		253,218	195,246	Office refreshments	2,793,435	2,792,258
Insurance (note: 24.03.02)		1,349,973	1,206,255	Motor car	4,851,312	5,364,645
		11,669,653	9,844,693	Office general expenses	833,168	600,901
24.03.01	Office rent			AGM Expenses	217,364	311,599
Rent expense has been charged as per the requirement of IAS-17 but IFRS-16 Leases which came into effect from 1st January 2019 which was not complied for the financial year ended 2019. The company will comply IFRS-16 from the following year.				Trade License Fees	116,440	111,090
				Computer Software Expenses	28,186	19,941
				Investment expenses share	85,746	68,358
					15,506,433	15,968,331
24.03.02	Insurance			31.00	Provisions for loan and advances	
Taka 779,738 being premium paid for insurance coverage against damages/loss of the Company's fixed assets by fire, earthquake etc.				For classified loans, advances and leases	(37,853,763)	28,188,890
				For unclassified loans, advances and leases	13,859,408	19,473,141
24.04	Legal expenses					(23,994,355)
Legal and professional		1,420,720	449,500	31.01	Provision for investments	
Legal charges		-	12,000	Made during the year (note-7.01.01)	24,131,612	20,416,991
Membership fees and subscription		2,566,920	1,577,568	Recovery during the year	-	(6,415,639)
		3,987,640	2,039,068			24,131,612
25.00	Postage, stamps, telecommunication etc.			31.02	Others	
Courier		145,833	151,005	Provisions for legal charges	2,560,014	4,494,196
Postage		57,360	42,617	Provisions for cheque dishonored & clearing charges	(32,424)	(1,771)
Stamps & security paper		75,758	-		2,527,590	4,492,425
Telephone, fax & e-mail		1,695,115	1,574,335			
		1,974,066	1,767,957	32.00	Earnings per share	
26.00	Stationery, printing, advertisement etc.			a) Earnings attributable to the ordinary shareholders(Taka)	236,807,527	275,771,499
Printing		1,357,228	745,536	b) Number of ordinary shares outstanding during the year	117,031,200	106,392,000
Stationery		2,225,397	1,496,396	c) Weighted average number of ordinary shares outstanding during the year	117,031,200	117,031,200
Business Commission		3,250,318	2,869,390	d) Basic earnings per share (a/c) (restated)	2.02	2.36
Promotion & publicity		3,206,685	14,762,620			
		10,039,628	19,873,942			
27.00	Managing Director's salary and fees			Prior year Basic Earning Per Share calculation has been revised due to calculation of weighted average number of ordinary shares. Earnings per share (EPS) has been computed by dividing the net profit after tax (NPAT) by the weighted average number of ordinary shares outstanding as on 31st December 2019 as per IAS-33" Earnings Per Share". No diluted EPS was required to be calculated for the year since there was no scope for dilution of shares during the year.		
Salary & allowances		5,640,000	5,677,154			
Provident fund contribution		360,000	348,929			
Bonus		1,600,000	1,600,000			
		7,600,000	7,626,083			
28.00	Auditors' fees			33.00	Interest receipts in cash	
29.00	Depreciation on and repairs to assets			Interest income from loans, advances & leases	2,051,842,879	1,995,665,758
Depreciation:				(Increase)/decrease in interest receivable on loans, advances and leases	-	-
Building		4,045,596	1,177,686	(Increase)/decrease in other receivable	49,904,612	(68,023,497)
Newly acquired Building		2,985,678	4,023,906		2,101,747,491	1,927,642,261
Furniture		2,439,893	1,876,107			
Office equipment		4,552,641	2,219,665			
Motor vehicle		1,396,292	1,063,795			
		15,420,100	10,361,159			
Repair and maintenance		387,334	357,623			
		15,807,434	10,718,782			

	2019 Taka	2018 Taka		2019 Taka	2018 Taka
35.00 Fees and commissions receipts in cash			41.00 Sanction and disbursement		
Fees, commission and brokerage (note: 22.00)	6,500	57,500	Sanction	3,938,251,913	4,553,200,000
Add: Opening balance of fees, commission and brokerage	-	-	Disbursement	2,627,006,436	3,249,937,121
Less: Closing balance of fees, commission and brokerage	-	-	Undisbursed	1,311,245,477	1,303,262,879
36.00 Cash payments to employees	6,500	57,500	41.01 Contingent liabilities		
Staff salaries and allowances (note: 24.02)	127,685,283	100,397,298	Government	-	-
Managing Director's salaries and allowances (note: 27.00)	7,600,000	7,626,083	Directors	-	-
Add: Opening balance of staff dues	5,152,179	7,245,677	Bank and other Financial Institution	1,311,245,477	1,303,262,879
Less: Closing balance of staff dues	(5,333,355)	(5,152,179)	Other		
37.00 Cash payments to suppliers	135,104,107	110,116,879	42.00 Net Asset Value (NAV) per Share		
Printing, stationary and advertisement etc. (note: 26.00)	10,039,628	19,873,942	Net Asset (Total assets less total liabilities) (A)	1,892,129,727	1,774,230,847
Postage, stamps, telecommunication etc. (note: 25.00)	1,974,066	1,767,957	Total number of ordinary shares outstanding (B)	117,031,200	117,031,200
Repair & maintenance (note: 29.00)	387,334	357,623	Net Asset Value (NAV) per share (A ÷ B) (re-stated)	16.17	15.16
Add: Opening balance of suppliers dues	-	-			
Less: Closing balance of suppliers dues	-	-			
38.00 Receipts from other operating activities	12,401,028	21,999,522	42.01 Net Operating Cash Flow Per Share (NOCFPS)		
Other operating income (note: 23.00)	18,743,844	24,971,263	Net cash flow from operating activities (A)	(3,515,978,097)	2,777,070,547
Profit on sale of share (note: 21.01)	3,707,130	6,142,888	Total number of ordinary shares outstanding (B)	117,031,200	117,031,200
Loss on sale of share (note: 21.01)	(2,714,713)	(4,312,269)	Net operating cash flow from operating activities per share (A ÷ B) (re-stated)	(30.04)	23.73
39.00 Payments for other operating activities	19,736,261	26,801,882			
Directors' fees	1,124,800	1,950,400			
Legal expenses	3,987,640	2,039,068			
Auditor's fees	287,500	287,500			
Office occupancy cost	6,590,894	2,048,326			
City Corporation Taxes	825,006	51,748			
Electricity	2,650,562	2,328,118			
Utilities	253,218	195,246			
Insurance	1,349,973	1,206,255			
Other expenses (note: 30.00)	15,506,433	15,968,331			
Add: Opening balance of outstanding payable	287,500	287,500			
Less: Closing balance of outstanding payable	(287,500)	(287,500)			
40.00 Increase/(Decrease) of other deposits	32,576,026	26,074,992			
Closing balance:					
Term deposits	13,233,847,419	16,136,881,144			
Other deposits	11,702,321	12,117,263			
Opening balance:					
Term deposits	13,245,549,740	16,148,998,406			
Other deposits	16,136,881,144	11,654,983,097			
	12,117,263	13,181,489			
	(2,903,448,667)	11,668,164,586			
		4,480,833,820			

43.00 Audit committee of the board

The audit committee was formed by the Board of Directors of National Housing Finance and Investments Limited. The members of the committee was as under:

SL No	Name	Status with the Company	Status with the Committee	Educational Qualification
01	Dr. Toufic Ahmad Chowdhury	Independent Director	Chairman	Phd. In Economics (Himachal Pradesh University, India)
02	Mr. Md. Kabir Reza, FCMA	Director	Member	M.Com (Acc.), FCMA
03	Mr. Azmal Hossain	Director	Member	B.Com
04	Mr. Akhtar Ahmed	Director	Member	B.A (Hons), M.A.(DU), ACII (UK)

The Audit Committee of the Board was duly constituted by the Board of Directors of the Company in accordance with DFIM Circular no. 13 issued on October 26, 2011 by Bangladesh Bank and in accordance with Bangladesh Securities and Exchange Commission (BSEC) the condition No. 5 of the notification No. SEC/CMRRC/2006-158/207/Admin/80, dated June 3, 2018.

The company secretary is to act as the Secretary of the Audit Committee:

Meetings held by the committee during the year by date:	Meeting no.	Held on
	41st	14-Mar-19
	42nd	8-May-19
	43rd	15-Jul-19
	44th	27-Oct-19

Four meetings of the audit committee were held during the year 2019 where it carried out the following tasks:

- 01 Audit and inspection report of Bangladesh Bank Inspection Team and External Auditors of National Housing.
- 02 Ensuring an effective Internal Control System and Risk Management System.
- 03 Review the findings of auditors and management response thereto.
- 04 Stressing on the importance of the regulatory compliance.
- 05 Review of conflict of interests.
- 06 Review of the credit policy of the Company.
- 07 Any other matters which deems necessary.

43.01 Highlights of overall activities

Highlights of the overall activities of the Company as at end for the year ended 31st December, 2019 are furnished below:

SL #	Details	2019	2018
01	Paid-up Capital	1,170,312,000	1,063,920,000
02	Total Capital	1,892,129,727	1,761,714,200
03	Capital surplus/(deficit)	892,129,727	761,714,200
04	Total assets	18,239,701,310	20,978,666,259
05	Total deposits	13,245,549,740	16,148,998,406
06	Total loans, advances, leases & Others	13,618,135,739	12,493,858,672
07	Total contingent liabilities and commitments	1,311,245,477	1,303,262,879
08	Credit deposit ratio	102.81%	77.37%
09	Loan to Fund ratio	81.22%	63.51%
10	% of Classified loans against total loans and advances	5.16%	4.21%
11	Profit after tax and provisions	236,807,527	275,771,499
12	Amount of classified loans during the year	703,260,565	525,944,773
13	Provisions kept against classified loans	69,235,799	66,681,048
14	Provisions surplus/(deficit)	161,586	560,003
15	Cost of fund	10.34%	8.77%
16	Interest earnings assets	17,409,810,763	20,133,613,109
17	Non-interest earnings assets	829,890,547	845,053,150
18	Return on investments (ROI)	6.95%	5.50%
19	Return on assets (ROA)	1.21%	1.48%
20	Income from investments	4,397,834	7,643,076
21	Weighted average earnings per share (restated)	2.02	2.36
22	Price earning ratio (re-stated)	15.79	20.22
23	Return on equity (ROE)	12.96%	15.60%
24	Net asset value per share (NAV) (re-stated)	16.17	15.16

44.00 Company information

Last year's figures and account heads have been rearranged to conform current year's presentation in accordance with the Bangladesh Bank DFIM Circular # 11 dated December 23, 2009.

45.00 Geographical area of operation

Company's geographical area of operation was in Dhaka, Gazipur, Chattogram, Bogura, Rangpur, Feni and Rajshahi in the year 2019.

46.00 Capital expenditure commitment

There was neither any outstanding contract nor any Board authorization for capital expenditure as at December 31, 2019.

47.00 Subsequent events-disclosure under IAS 10: "events after the balance sheet date"

No material event has been occurred after the Balance Sheet date, which could materially effect the value of the financial statements except the Board of Directors in its 218th Meeting held on 23 July, 2020 has recommended cash dividend @10.00% i.e Taka 1.00 per ordinary share for the year ended 31 December, 2019 for placement before the shareholders for approval the 21st Annual General Meeting.

***Till to the date of authorized for issue of the Financial Statements of the company, we observed the following known events which might have impact on revenue, profitability and cash flow:

Fair value measurement :

Due to significant changes in macro-economic assumptions as well as entity specific conditions from COVID-19, key estimates and variable previously used for fair value measurement of assets and liabilities. There may arise the requirements for further fair value measurements which might impact the assets and liability position of the company in the following year.

Loss on investment in shares :

Due to significant changes in macro-economic assumptions as well as entity specific conditions from COVID-19, there is a reduction in share price causing the unrealized loss at 24,131,612 increased by the amount of BDT 10,130,260 during the year. It might reduce more in the following year. It will affect note no-31.01 to the financial Statements in the following year.

Interest income :

The government has been trying to set a uniform deposit rate at 6.0 per cent to make a 9.0 per cent lending rate for last one year till 29th February, 2020 in the month of February by Bangladesh Bank. Income from investment will get affected in the future as well. It might put an impact on note-19 to the Financial Statements in the following year.

Government stimulus package :

The Government of Bangladesh has announced a number of economic stimulus packages for affected businesses. However, so far all these packages are effectively loan arrangement with easier repayment option and at reduced borrowing rate to be disbursed by Banks and NBFIs. Therefore, further scrutiny of these incentives are required along with other existing regulatory frameworks, before an assessment can be made whether such incentive would fall under 'IAS 20: Accounting for Government Grants and Disclosure of Government Assistance'. Since any impact of Government Stimulus packages would take place only after 1 April 2020 which will affect the financial statements in the following year.

Employee benefits

NHFIL provided benefits to the employee of the company in the form Gratuity and Provident Fund. In the aftermath of the COVID-19 situation, changes might be made to the remuneration policies and especially for defined benefit plan changes in key actuarial assumptions (i.e. lower discount rate, lower return from financial assets due to reduced interest rate) which shall be considered (IAS 19). It might put an impact on note-24.02 to the Financial Statements in the following year.

48.00 Claims against the company not acknowledge as debt

There is no claim at the Balance Sheet date, which has not been acknowledged by the Company.

49.00 Credit facility availed

There was no credit facility available to the Company under any contract as on Balance Sheet date other than trade credit available in the ordinary course of business.

50.00 Closing price of share

The Company traded its ordinary shares in CDBL through DSE & CSE from 1st January 2009. The closing market price on the closing of the year was Tk.31.90 and Tk.32.00 respectively in the DSE & CSE.

51.00 "Worker's Profit Participation Fund" (WPPF)

The company did not make any provision for Worker's Profit Participation Fund (WPPF). The matter will be considered in future.

52.00 Previous year's figures have been rearranged where necessary to conform to current year's presentation.

Figures have been rounded nearest Taka.

53.00 Related party disclosure :

Name of Director	Position in NHFIL	Name of the firms/companies in which interest as proprietor, partner, director, managing agent, guarantor, employee etc.
Mr. Latifur Rahman Representing Bangladesh Lamps Limited	Chairman	Transcom Limited Eskayef Pharmaceuticals Ltd. Transcom Beverages Ltd. Transcom Consumer Products Ltd. Transcom Distribution Company Ltd. Transcom Foods Ltd. Transcom Electronics Ltd. Bangladesh Electrical Industries Ltd. Mediastar Ltd. Ayna Broadcasting Corporation Ltd. Tea Holdings Ltd. Transcraft Ltd. Transfin Trading Ltd. Trinco Ltd. Transcom Mobile Ltd. W. Rahman Jute Mills Ltd. Bangladesh Lamps Ltd. Mediaworld Ltd. Monipur Tea Company Ltd. M. Rahman Tea Company Ltd. Marina Tea Co. Ltd. BRAC
Mr. Mahbubur Rahman Representing Eastland Insurance Co. Limited	Director	ETBL Holdings Ltd. Eastern Trading (Bangladesh) Ltd. ETBL Development Construction Ltd. ETBL Securities & Exchanges Ltd. Progressive Investments Ltd. (successors to the National Rubber Industries) Century Cold Storage Ltd Eastland Insurance Co. Ltd. International Publications Ltd.
Mr. Syed M. Altaf Hussain Representing Pragati Insurance Limited	Director	Pragati Insurance Ltd. WW Grains Corp. representing Cargill Inc. USA Sonic Allied Industries Ltd. WW Properties Ltd. The Daily Janata Jamuna Resort Ltd.
Mr. Akhtar Ahmed Representing Reliance Insurance Limited	Director	Reliance Insurance Ltd
Mr. Muminul Haque Chowdhury Representing Borak Travels (Pvt.) Limited	Director	Borak Travels (Pvt.) Limited
Mr. Azmal Hossain Representing Eastern Insurance Co. Limited	Director	Eastern Insurance Co. Ltd. Hashem Paper Mills Ltd.
Mr. M. Nurul Alam Representing Shaw Wallace Bangladesh Limited	Director	Shaw Wallace Bangladesh Ltd SW Shipping Ltd.
Mr. Md. Kabir Reza FCMA Representing Square Pharmaceuticals Limited	Director	Square Pharmaceuticals Ltd.

- 53.01 Significant contract where FI is party and wherein Directors have interest-Nil
 53.02 Significant contract where the Company is party and wherein Directors have interest - Nil
 53.03 There is no loans, advances and leases given to Directors and their related concern.
 53.04 Investment in the Securities of Directors and their related concern-Nil
 53.05 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercises significant influence over the other party in making financial and operational decision and include associated companies with or without common Directors and key management positions. The Company has entered into transaction with other related entities in normal course of business that fall within the definition of related party as per International Accounting Standard 24: "Related Party Disclosures." Transactions with related parties are executed on the same terms, including interest rate and collateral, as those prevailing at the time for comparable transactions with other customers of similar credentials and do not involve more than a normal risk.

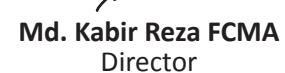
Name of related	Transaction	Balance at year end (receivable)/payable Taka
National Bank Ltd. (Sponsor)	STD/CD account	(5,570,392)
National Life Insurance Co. Ltd. (Sponsor)	Term deposit	90,000,000
Square Pharmaceuticals Ltd. (Sponsor Director)	Term deposit	2,500,000,000
Reliance Insurance Ltd. (Sponsor Director)	Term deposit	160,144,500
Bangladesh Lamps Limited (Sponsor Director)	Term deposit	29,514,748



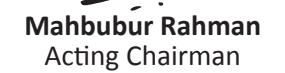
Md. Sarwar Kamal FCS
Company Secretary



Md. Khalilur Rahman
Managing Director



Md. Kabir Reza FCMA
Director



Mahbubur Rahman
Acting Chairman

(Annexure-A)

Fixed assets including premises, furniture and fixtures for 2019

Particulars	Cost			Depreciation			Written down value as on 31.12.19	Written down value as on 31.12.18
	Balance as on 01.01.19	Disposed during the year	Addition during the year	Balance as on 31.12.19	Rate	Balance as on 31.12.19	Charged during the year	
Land & building	96,509,093	-	8,000,000	104,509,093	10.00%	28,689,925	-	1,059,917
Newly acquired Building	142,555,215	-	68,938,927	211,494,142	3.00%	12,448,919	-	5,971,357
Furniture	27,711,265	-	7,513,973	35,225,238	10.00%	10,826,310	-	2,439,893
Office equipment	21,254,160	-	13,884,546	35,138,706	20.00%	12,375,498	-	4,552,641
Motor vehicle	9,642,484	-	2,726,281	12,388,765	20.00%	5,387,306	-	1,396,292
Total:	297,672,217	-	101,063,727	398,735,944		69,727,958	-	15,420,100
								313,587,886
								227,944,259

Occassion & Events



20th Annual General Meeting in Progress



Opening of Feni Branch



Opening of Rajshahi Branch



Participation in REHAB Fair



Annual Business Conference 2020

Our Branch Network

Principal Branch

National Plaza (8th Floor),
109, Bir Uttam C. R. Datta Road
(Ex-Sonargaon Road), Dhaka-1205.
Call : +88 02 9670612-4, +88 02 9677181-2,
+88 09609200555 (Ext. 231)
Email : +88 02 9671016,
Email : principal@nationalhousingbd.com

Gulshan Branch

Bashati Avenue (4th Floor),
Plot: 10, Road: 53,
Gulshan-2, Dhaka-1212.
Call : +88 09609200556,
+88 09609200555 (Ext. 201)
Email : gulshan@nationalhousingbd.com

Bogura Branch

Jamil Shopping Center (3rd Floor),
Borogola, Bogura-5800.
Call : +88 051 62696, +88 051 63994,
+88 09609200555 (Ext. 600)
Email : +88 051 62696 (Ext: 106)
Email : bogra@nationalhousingbd.com

Gazipur Branch

M.A.S. Square (6th Floor),
Chandona Chowrasta, Gazipur.
Call : +88 02 49263465-67
+88 09609200555 (Ext. 400)
Email : gazipur@nationalhousingbd.com

Rajshahi Branch

House: 37 (2nd Floor),
Ghoramara, Boaliapara,
Rani Bazar, Boalia, Rajshahi.
Call : +88 0721 771172-73
+88 09609200555 (Ext. 901)
Email : rajshahi@nationalhousingbd.com

Motijheel Branch

Fazlur Rahman Center (2nd Floor),
72, Dilkusha C/A, Dhaka-1000.
Call : +88 02 9567103, +88 02 9550071,
+88 09609200555 (Ext. 300)
Email : +88 02 9565493,
Email : motijheel@nationalhousingbd.com

Chattogram Branch

Aziz Court (11th Floor),
88-90, Agrabad C/A, Chattogram.
Call : +88 031 713803,
+88 09609200555 (Ext. 500)
Email : +88 031 713804
Email : chittagong@nationalhousingbd.com

Rangpur Branch

Pressclub Complex Biponi Bitan (2nd Floor),
Station Road, Rangpur.
Call : +88 0521 56381-2,
+88 09609200555 (Ext. 701)
Email : +88 0521 56382
Email : rangpur@nationalhousingbd.com

Feni Branch

Kazi Plaza (3rd Floor),
107, S.S.K. Road, Feni Sadar, Feni.
Call : +88 0331 74503-4, +88 0331 74446,
+88 09609200555 (Ext. 800)
Email : feni@nationalhousingbd.com

Sales Center

Signboard Sales Center

Samad Banu Tower (Ground Floor),
Signboard, Sidhirgonj, Narayanganj.
Call : +88 01675512871

Mirpur Sales Center

Kamal Tower (1st Floor),
24/1, Pallabi, Mirpur-11, Dhaka-1216.
Call : +88 01721265258



National Housing Finance and Investments Limited

Registered Office: National Plaza (7th Floor), 109, Bir Uttam C.R. Datta Road
(Ex-Sonargaon Road), Dhaka-1205

PROXY FORM

I/We
of
being member of National Housing Finance and Investments Limited, hereby appointed
of

as my/our proxy to attend and vote for me / us and on my/ our behalf at the 21st Annual General Meeting of the Company to be held on Sunday, September 20, 2020 at 12.00 noon and of at any adjournment thereof. As witness my hand this day of 2020

(Signature Shareholder)

(Signature of the proxy)

Register Folio no.

or

BO A/C No.

Revenue
Stamp
Tk. 20

No. of Share Held

Note:

A Shareholder entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote on his/her behalf. The Proxy Form duly completed must be deposited through email at share@nationalhousingbd.com of the company not later than 72 hours before the time fixed for the meeting.



National Housing Finance and Investments Limited

Registered Office: National Plaza (7th Floor), 109, Bir Uttam C.R. Datta Road
(Ex-Sonargaon Road), Dhaka-1205

ATTENDANCE SLIP

Please fill-up the attendance slip and hand it over at the entrance of the hall.

I hereby record my attendance at the 21st Annual General Meeting of the Company being held on Sunday, September 20, 2020 at 12.00 noon on digital platform.

Name of Member/Proxy

Register Folio No.

or

BO/ A/C No.

Signature
Shareholder/Proxy