

# Annual Report 2013



***National Housing Finance  
And Investments Limited***



**National Housing  
Finance  
And Investments Limited**

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# Notice of the 15th Annual General Meeting



## Notice of the 15<sup>th</sup> Annual General Meeting

### National Housing Finance And Investments Limited

Registered Office: National Plaza (7<sup>th</sup> & 8<sup>th</sup> Floor)  
109, Bir Uttam C.R. Datta Road, Dhaka-1205

Notice is hereby given that the 15<sup>th</sup> Annual General Meeting of National Housing Finance And Investments Limited will be held at Lakeshore Hotel, Road: 41, House: 46, Gulshan 2, Dhaka-1212 on Wednesday, 28 May, 2014 at 11.00 a.m. to transact the following business:

#### Agenda

1. To receive, consider and adopt the audited financial statements of the Company for the year ended 31 December, 2013 together with reports of the Directors and Auditors.
2. Declaration of dividend for the year ended 31 December, 2013
3. To elect Directors in accordance with the relevant provisions of the Articles of Association of the Company.
4. To appoint Auditors and fix their remuneration for the year 2014.

By order of the Board

sd/-

**(Md. Sarwar Kamal, ACS)**  
Company Secretary

Dated: April 21, 2014

#### Notes:

- i) The record date will be 4 May, 2014 to determine the rights of Shareholders to current dividend and to attend & vote at the meeting.
- ii) Pursuant to Section 85 of the Companies Act, 1994, the Company gives notice that only the shareholders whose names are entered on the Register or Depository Register of Shareholders on record date will be entitled to attend and vote at the meeting and at any adjournment thereof.
- iii) 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 deposited at the Corporate Office at National Plaza (7th & 8th Floor), 109, Bir Uttam C.R. Datta Road, Dhaka-1205 at least 48 hours before the time of holding the meeting. The Proxy Form must be affixed with revenue stamps of Tk. 20.00.
- iv) The Notice together with the Annual Report and Proxy Form are being sent to all shareholders through courier service. Shareholders may collect Proxy Form, if so required, from the registered office of the Company at or before 48 hours before the meeting.
- v) Members are requested to notify change of address, if any, through their respective Depository Participants well in time.
- vi) For convenience, the Shareholders/Proxy are requested to record their entry at the entrance of the AGM on 28 May, 2014 in between 9.00 a.m. to 11.00 a.m.

**N.B: In compliance with the Bangladesh Securities and Exchange Commission's Circular No. SEC/CMRRCD/2009-193/154 dated October 24, 2013, no Gift/Gift Coupon/Food Box shall be distributed at the AGM.**

## 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 1063.92 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 Chittagong Branch	:	April 06, 2004
Opening of Gulshan Branch	:	June 01, 2004
Date of Listing:-		
Dhaka Stock Exchange	:	December 23, 2008
Chittagong Stock Exchange	:	November 11, 2008
Opening of Bogra Branch	:	April 19, 2009

### Contact Details:

Head Office: 109, Bir Uttam C.R. Datta Road (Ex-Sanargaon Road), National Plaza (7th & 8th Floor), Dhaka-1205

Tel: 9670612-4, 9677181-2, 9669800 Fax: 9671016

Web: [www.nationalhousingbd.com](http://www.nationalhousingbd.com)

E-mail: [info@nationalhousingbd.com](mailto:info@nationalhousingbd.com)

### Auditors:

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

### Governance Compliance Auditor

SA Rashid & Associates

Chartered Secretary in Practice

Noakhali Towar (10th Floor, 11-F), 55/B Purana Paltan, Dhaka-1000.

### Legal Advisor:

Barrister Masubur Rahman, (Masudur Rahman & Associates), Barrister ASM Abdur Razzaque, (Abdur Razzaque & Associates), Barrister Nuruzzaman (Justiciars), Advocate Abdul Kuddus, (Law and Remedy)

### Tax Advisor:

Syful Shamsul Alam & Co., Chartered Accountants and Tuheen & Associates,

### Membership:

- ▶ Bangladesh Leasing & Finance Companies Association (BLFCA)
- ▶ Metropolitan Chamber of Commerce & Industry (MCC))
- ▶ International Chamber of Commerce-Bangladesh (ICC)
- ▶ Bangladesh Association of publicly Listed Companies (BAPLC)



**National Housing Finance  
And Investments Limited**

## 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 thereby add long-term value to the shareholders.



## 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. Build a high quality employee team by providing job satisfaction and prospect of outstanding career development. Maximize steady return on shareholders' equity by quality investment of funds.



**National Housing Finance  
And Investments Limited**

## 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 Objectives





**National Housing Finance  
And Investments Limited**

## Code of Conduct & 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 any conflict of interest.
- Maintain stringent confidentiality of customers' 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. Escalation 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 is a socially responsible organization and always keen to promote the interest of customers, employees, shareholders and communities as a whole. National Housing has upheld its CSE in the following ways,

- ▶ National Housing has provided 4,364 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 rescheduled 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.



## Shareholding Structure

<b>Sponsor Shareholders</b>	<b>87.21%</b>
<b>Banks</b>	<b>14.15%</b>
IFIC Bank Ltd.	
National Bank Ltd.	
United Commercial Bank Ltd.	
<b>Insurance Companies</b>	<b>33.15%</b>
Eastern Insurance Company Ltd.	
Eastland Insurance Company Ltd.	
Jiban Bima Corporation.	
National Life Insurance Company Ltd.	
Pragati Insurance Ltd.	
Reliance Insurance Ltd.	
Sadharan Bima Corporation	
<b>Local Corporate/Business Groups</b>	<b>32.74%</b>
Bangladesh Lamps Ltd.	
Borak Travels (Pvt.) Ltd.	
HRC Bangladesh Ltd.	
Shaw Wallace Bangladesh Ltd.	
Square Pharmaceuticals Ltd.	
Summit Industrial and Mercantile Corporation (Pvt.) Ltd.	
Unicorn Equities Ltd.	
<b>Non-Resident Bangladeshi Investors</b>	<b>7.17%</b>
Overseas Investors Forum (UK)	
Overseas Investors Forum (Zambia)	
<b>General Shareholders</b>	<b>12.79%</b>

## Products & Services

### Home Mortgage Loan

- ▶ Self construction of own home
- ▶ Purchase of apartment or house
- ▶ Renovation of existing house/apartment
- ▶ Housing plots purchase
- ▶ Commercial space and chamber for professionals
- ▶ Any purpose mortgage loan

### Project Mortgage Loan

- ▶ Project mortgage loan for Property development

### Lease Finance

- ▶ Acquisition of industrial machineries, equipment, generator, power plant etc.
- ▶ Car purchase
- ▶ Medical/Hospital equipments

### Term Loan for Industries

- ▶ Work order finance
- ▶ Factoring

### SME Finance

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

### Deposit Schemes With Attractive Return

- ▶ Term Deposit Account
- ▶ Double Money Account
- ▶ Income Account
- ▶ Monthly Savings Scheme (MSS)
- ▶ Millionaire Savings Account



## Our Departments





## Bankers

- Bank Al-Falah Limited
- Bank Asia Limited
- Eastern Bank Limited
- Islami Bank Bangladesh Limited
- Jamuna Bank Limited
- Mercantile Bank Limited
- National Bank Limited
- Prime Bank Limited
- Pubali Bank Limited
- Shahjalal Islami Bank Limited
- The Hongkong and Shanghai Banking Corporation Limited
- The Premier Bank Limited
- The Trust Bank Limited
- United Commercial Bank Limited
- Midland Bank Ltd.



## Directors' Profile



**Mr. Latifur Rahman**

### **Mr. Latifur Rahman**

Chairman

Representing Bangladesh Lamps Limited

Mr Latifur Rahman is the Chairman and CEO of Transcom Group, with annual turnover of around Taka 36 billion, employing over 10 thousand people. The business originated with tea plantations in 1885.

Group companies dealing with beverages, electronics, lighting, pharmaceuticals, newspapers, tea plantations and KFC & Pizza Hut Restaurants. Major stakeholder in Reliance Insurance and National Housing Finance And Investments Ltd.

He is Chairman of Nestlé Bangladesh Limited and Holcim Cement (Bangladesh) Limited and Director of Linde Bangladesh Limited. He is also a member of the Governing Body of BRAC, world's largest NGO.

Mr Rahman is currently the Vice President of ICC - Bangladesh.

He is a former President of Metropolitan Chamber of Commerce, the position he held for seven terms and also a former President of Bangladesh Employers' Federation (two terms).

Mr Latifur Rahman was Chairman, Tradebody Reforms Committee, Member - Bangladesh Better Business Forum, Advisory Committee on WTO. He was Member of the Executive Board of Bangladesh Bank (Central Bank).

Mr. Rahman is an Honouree of "Oslo Business for Peace Award 2012".



**Mr. Akhtar Ahmed**  
Director  
Representing Reliance Insurance Ltd

**Mr. Akhtar Ahmed**

After completing B.A. (Honours) 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 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. Mr. Ahmed is advisor of Reliance Insurance Ltd.

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



**Mr. Jalal Ahmed**  
Director  
Representing IFIC Bank Ltd.

**Mr. Jalal Ahmed**

Mr. Jalal Ahmed completed both his Masters and Bachelors in Social Science from the University of Dhaka.

Mr. Ahmed has served the Government of Bangladesh for nearly 3 decades in various positions such as Deputy Commissioner of Thakurgaon and Faridpur District; Joint Secretary, Energy Division during which period he also served as the PD of the Hydrocarbon Unit, a technical wing of the Division and headed the Geological Survey of Bangladesh for a brief period; Chief Metropolitan Magistrate of Dhaka; Chairman of Bangladesh Oil, Gas & Mineral Corporation (Petrobangla); and Vice Chairman of Export Promotion Bureau (EPB). He is now serving as Additional Secretary, Finance Division, Ministry of Finance. Mr. Ahmed is committed to community service and involved in various social organizations.

He is nominated Director from GoB of IFIC Bank Ltd., Bangladesh Telecommunication Company Ltd. (BTCL), Bangladesh Submarine Cable Company Ltd. (BSCCL), Bangladesh Service Ltd., British American Tobacco Ltd. and Industrial Promotion and Development Co. Ltd. (IPDC)



## National Housing Finance And Investments Limited

### **Mr. AKM Shafiqur Rahman**

Director

Representing National Bank Limited



**Mr. AKM Shafiqur Rahman**

An eminent Banker Mr. AKM Shafiqur Rahman is the Managing Director of National Bank Limited (NBL). Prior to his appointment, he was Additional Managing Director of the same Bank. Mr Rahman started his career as Probationary Officer in Bangladesh Krishi Bank in the year 1974 and worked as head of different Branches & Divisions up to 1988. He joined NBL on July 30, 1988. He worked in various capacities in the Bank.

Mr A K M Shafiqur Rahman is an M. A. with Honours in Economics. He completed a Certificate Course on 'Program on Investment Appraisal and Management' from Harvard University, USA in 1999. During his long banking career Mr. Rahman widely traveled home & abroad and attended different seminars, symposium and also received training over there.

### **Mr. Morshed Alam**

Director

Representing National Life Insurance Co. Ltd.



**Mr. Morshed Alam**

Mr. Morshed Alam, is the founder Chairman of the Bengal Group. After completion of his education he established Bengal Plastic Industries Ltd., the largest plastic processing industry in the country. Mr. Alam is declared as Commercially Important Person (CIP) by the Government of Bangladesh (GOB) for his remarkable contribution in the economy.

Mr. Alam is the Chairman, National life Insurance Co. Ltd., National Television (RTV), Designer Jeans Ltd. Director and Member of EC committee, Mercantile Bank Ltd., Director, National Housing Finance And Investments Ltd., Bangal Television Ltd. (Channel 52), the People's University of Bangladesh. With his dynamic leadership the Bengal Group received the Export Trophy from the Prime Minister of Bangladesh for our contribution in exports. Mr. Alam was elected a Parliament Member (MP) from Noakhali - 2 in the year 2014.



**Mr. Muminul Haque Chowdhury**

Director  
Representing Borak Travels (Pvt.) Limited

**Mr. Muminul Haque Chowdhury**

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**

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



**Mr. Mizanur Rahman**

Director  
Representing Shaw Wallace Bangladesh Ltd.

**Mr. Mizanur Rahman**

Mr. Mizanur Rahman is Former Managing Director of Shaw Wallace Bangladesh Ltd and Nominated Director of Shaw Wallace Bangladesh Limited on the Board of National Housing Finance And Investments Ltd. He is also Director of SW Shipping Ltd.

Mr. Rahman holds a BA (Hons) degree in Economics from University of Dhaka and is an Associate of the Chartered Institute of Bankers (UK). He is also Honorary Advisor to the Bangladesh Container Shipping Association and Trustee of the NBR-registered charity, A F Mujibur Rahman Foundation.



## **National Housing Finance And Investments Limited**



**Mr. Mahbubur Rahman**

Chairman  
Eastland Insurance Co. Ltd.

Mr. Mahbubur Rahman, President, International Chamber of Commerce (ICC) - Bangladesh, *The world business organization* entered into business in early sixties.

He is the founder of 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., Mr. Rahman is also a leading Sponsor of the Eastland Insurance Co. Ltd., International Publications Ltd. (Publisher of the Daily Financial Express), National Bank Ltd and National Housing Finance And Investments Ltd.

He has been very active in various business forums & social organization. He represented Government of Sri Lanka in Bangladesh during 1972-79.

Mr. Mahbubur Rahman is also a Member of ICC World Council, Paris, Business Advisory Council (BAC) of UN-ESCAP (United Nations Economic and Social Commission for Asia and the Pacific), Chairman, Bangladesh International Arbitration Centre (BIAC), Member, Board of Governors, Institute of Business Administration (IBA), University of Dhaka, Founder Member, Independent University Bangladesh, Bangladesh Foreign Trade Institute (BFTI).

Mr. Rahman served FBCCI (Federation of Bangladesh Chambers of Commerce & Industry) as President during 1992-94, President of the Dhaka Chamber of Commerce & Industry (DCCI) 1985-86 & 1991-92, Member, Global Executive Board of ICC Paris (1997-99), Founder Vice President, SAARC Chamber of Commerce, Vice President (West Asia), Islamic Chamber of Commerce, Industry and Commodity Exchange (1993-95).



**Mr. Md. Kabir Reza FCMA**

Director  
Representing Square Pharmaceuticals Ltd.

Md. Kabir Reza is the Group Finance Director of Square Pharmaceuticals Ltd and Managing Director of United Financial Trading Company Limited. He is a Fellow Member of Institute of Cost and Management Accountant of Bangladesh. He obtained B.Com (Hons.) M. Com. from Rajshahi University. A man of strong personality and unbendable principle, his long business and private service careers are decorated with unmatchable success.

Mr. Kabir Reza started his carrier 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 Director of Accounts and Finance of Square Pharmaceuticals Limited in the year 2000. In addition to that he is a Director of Strategic Equity Management Limited (Asset Mgt. Company), Eastern Logistic Services Limited.

### **Mr. Syed Ali Jowher Rizvi**

Director

Mr. Jowher Rizvi, Director and Chairman Executive Committee of NHFIL completed his MBA degree in International Finance and Accounting from Indiana University, USA. He also earned MA in Economics with Honours from Dhaka University.

Mr. Rizvi started his professional career with Bank of Credit and Commerce International (BCCI) in 1977 and at the same time was engaged with Institute of Business Administration (IBA) as a part time (Honorary) Lecturer. From 1991 to 1997, he served Union Bank Zambia Ltd., Zambia as its founder Managing Director. Returning to Bangladesh he established Alliance Holdings Limited (AHL) and started his journey as an entrepreneur. In 1997, along with his friend Mr. Muhammed Aziz Khan of Summit Group, he entered the Off-Dock business where Mr. Rizvi has since served as the Managing Director of Ocean Containers Limited. (Later on merged with Summit Alliance Port Ltd.) Subsequently in 2003, the two sponsors jointly made another valuable addition to the expanding Off-Dock industry of the Country by establishing Summit Alliance Port Limited (SAPL). SAPL is listed with the two major bourses of the country.

Mr. Rizvi, through AHL has substantial investments in Off-Dock, Beverage Manufacturing, Textile, Prefabricated Steel Building Manufacturing, Real Estate Development, Financial Institutions, Lubricant Blending, Telecommunications, Pharmaceuticals etc. In spite of his busy schedule, he still finds time to pursue his favorite passion and teaches on part time (Honorary) basis at different educational institutions of the country.



**Mr. Syed Ali Jowher Rizvi**

Country by establishing Summit

### **Mr. Syed Tanveer Hussain**

Independent Director

Mr. Syed Tanveer Hussain is a retired senior bureaucrat with more than 35 years experience in Government. After retiring, he now heads "Climate Change Company", a climate and environmental services company.



**Mr. Syed Tanveer Hussain**

Mr. Hussain has held the post of Secretary in several key ministries such as Housing and Public Works, Textile, Planning, the last being as Secretary, Ministry of Environment and Forests.

In 2001, Mr. Hussain was the National Census Commissioner and conducted the National census for that year. Prior to his being Secretary Mr. Hussain was the Chief Controller of Insurance.



**Professor Imran Rahman**

### **Professor Imran Rahman**

Independent Director

Professor Imran Rahman is the Vice Chancellor of the University of Liberal Arts Bangladesh (ULAB). He has twenty-eight years of teaching and consulting experience, including twenty-two years at the Institute of Business Administration (IBA) as a teacher of investments, capital markets and corporate finance, in the MBA and BBA Programs.

He ran a merchant bank for six years in the 1990s. Professor Rahman has a MBA from IBA and a B.Sc. Econ from the London School of Economics and Political Science. He was a Commonwealth Scholar and doctoral researcher at Manchester Business School. He is a member of Renaissance, a popular music band of the country.



**National Housing Finance  
And Investments Limited**

**Mr. Imtiaz Mahmood**

Independent Director

Mr. Imtiaz Mahmood is a reputed Lawyer of Bangladesh Supreme Court. He has expertise in Company Law matters. He obtained his LL.B (Hons) from University of London UK in 1993.

He started his legal career as an Associate of House of Law, Barrister, Solicitors, Advocates and Tax Consultants. Later he worked as an Associate, in Dr. Kamal Hossain & Associates from September 1996 to May 2000. At present he is a partner of Mahmood Jabbar Khan, Barrister & Advocates, Dhaka.

Mr. Mahmood has experience in handling legal matters of Direct Foreign Investment, Petroleum, Mineral Resources, Power, Telecommunication and in Commercial Arbitration both foreign and local including ICC.



**Mr. Imtiaz Mahmood**

**Mr. Md. Abdur Rob**

Managing Director

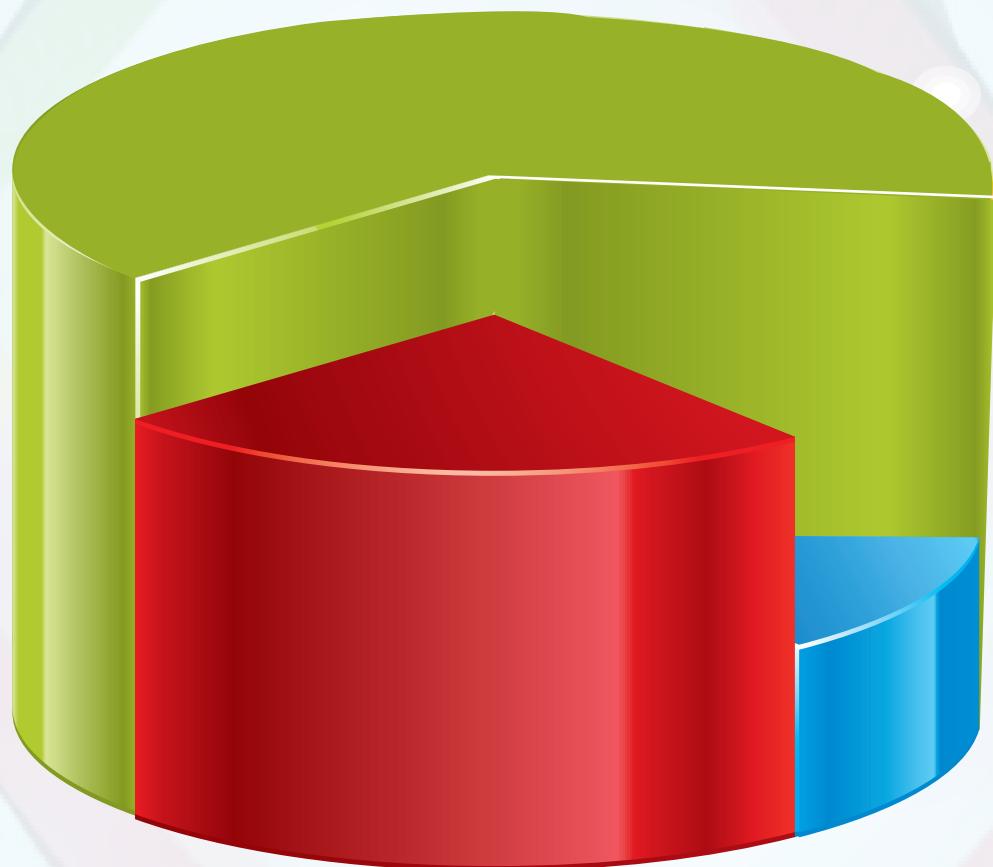
Mr. Md. Abdur Rob is an eminent banking professional. He completed his M.Com from Dhaka University and is an Associate of Institute of Bankers Bangladesh (DAIBB). He started his banking career in early 1970's in State Bank of Pakistan as Trainee Officer and has extensive training at home and abroad. He held important positions in Janata Bank, National Bank, Prime Bank the last being Deputy Managing Director of Premier Bank. Since 2005 he is Managing Director of National Housing Finance And Investments Ltd.



**Mr. Md. Abdur Rob**

## Financial Highlights

# Outstanding Portfolio



Housing 59.35%



Lease Finance 26.87%



SME 13.78%



## Financial Highlights

Figure in Million Taka

2013	2012	2011	2010	2009	2008
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### A. Financial Performance

Operating Revenue	892.94	729.57	754.67	689.01	674.78	737.52
Operating Expenses	599.28	549.14	542.21	416.46	472.97	562.16
Financial Expenses	524.72	480.62	476.46	362.84	425.69	511.6
General & Administrative Expenses	59.65	55.80	52.26	42.63	36.42	30.33
Profit Before Taxes	233.92	80.01	217.71	253.05	194.41	137.52
Provision for Taxes	66.45	38.57	101.45	91.03	90.37	49.41
Net Profit After Taxes	167.47	41.44	116.26	162.01	104.04	88.11

### B. Financial Ratios

Earnings Per Share (Tk.)*	1.57	0.39	1.09	1.52	0.98	0.83
Dividend Per Share (Tk.)	12.50%	5.00%**	20.00%**	20.00%***	17.50%	12.50%
Net Asset Value Per Share (Tk.)*	13.40	8.60	8.21	7.61	6.94	6.58
Financial Expenses Coverage (Times)	1.45	1.17	1.46	1.46	1.46	1.27
Profit Margin (Before Tax)	26.20%	10.97%	28.85%	28.85%	28.81%	18.65%
Profit Margin (After Tax)	18.76%	5.68%	15.41%	15.41%	15.42%	11.95%
Return on Equity	14.30%	4.63%	14.51%	14.42%	14.47%	13.35%
Debt Equity Ratio	3.25	4.68	5.06	4.59	4.95	7.07

\* Restated

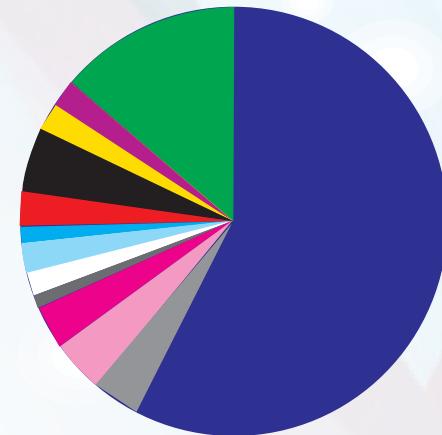
\*\* Stock Dividend

\*\*\* 10% Cash & 10% Stock

## Financial Highlights

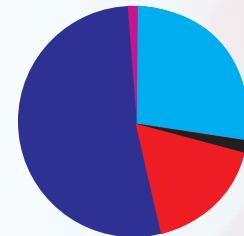
### C. Sectoral Portfolio(%)

Real Estate and Housing	59.31%
RMG	0.23%
Paper, Printing and Packaging	0.25%
Iron, Steel and Engineering	5.37%
Textile	3.32%
Food and Allied Products	0.83%
Transport & Communication	3.67%
Telecommunications and IT	0.81%
Electronics and Electrical Products	0.30%
Ship Manufacturing Industry	1.91%
Agriculture & Chemicals, Paper, Printing & Packaging	3.93%
Power, Gas, Water, & Sanitation etc.	2.80%
Others	17.27%
	100.00%



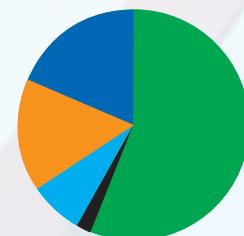
### D. Portfolio Mix

Investment in Share	20.58
Term Finance	1,246.52
Lease	602.28
Mortgage Loan	2,744.55
Others	30.83
	4,644.76



### E. Sources of Fund

Call Money	50.00
Deposits	3,288.67
SOD/OD	1.11
Long Term Borrowings	956.27
Shareholders' Equity	1,426.08
	5,722.13



### F. Net Asset Value Per Share





## Management Team

### **Managing Director**

Md. Abdur Rob

### **Additonal Managing Director**

Md. Khalilur Rahman

### **Vice President**

Md. Kamal Pasha  
Shital Chandra Saha

### **Assistant Vice President**

Md. Nazrul Islam  
Md. Abdul Baten  
Abu Nasser Md. Ahad Sarker  
Sayed Ahmed FCMA  
Md. Sarwar Kamal ACS

### **First Assistant Vice President**

Mahbubur Rashid Al Amin  
Md. Ziaul Karim  
Sabiha Kashmiri  
Md. Jahedul Islam

### **Manager**

Md. Omer Farooq  
Shibbir Ahmed  
Md. Ruhul Amin  
Kabir Hossain  
Israt Jahan  
Rajib Ahsan Khan  
Md. Abdul Al Sumom

### **Deputy Manager**

Nayan Malakar  
Dilip Chandra Roy  
Sharmin Zahan  
Md. Mezanur Rahman  
Zakaria Ferdous Russell  
Md. Azizur Rahman  
Md. Anowar Hossain  
A. M. Enayet Karim  
Mohammad Qumrul Hassan  
Mohammed Shahjahan  
Md. Moshiur Rahman  
Purna Chandra Dev Sharma

## Management Team

### Assistant Manager

Masbha Uddin  
Ibrahim Khalil  
Sirajul Islam  
Nusrat Mehjabin  
Tasnuva Tajreen  
Sumaiya Sayeed  
Prabir Shel  
Tanvir Ahmed  
Abdullah Al Kafi  
Mehedi Hasan  
Md. Mostafizur Rahman  
Md. Muksedul Haque  
Md. Moyachan Ali  
Md. Abu Faysal Rony  
Syed Sharif Ahmed Sumon  
Md. Jonayed Abedin  
Reza Karim Md. Khaled  
Md. Humayun Ahmed

### Branch In-Charge

Abu Nasser Md. Ahad Sarker	Bogra
Sabiha Kashmiri	Motijheel
Kabir Hossain	Gulshan
Mohammad Qumrul Hassan	Chittagong



**National Housing Finance  
And Investments Limited**



## **Message From the Chairman**



## Message from the Chairman

**Dear Shareholders, Respected Guests, Ladies and Gentlemen,**

I am delighted to welcome you to the 15th Annual General Meeting of National Housing Finance And Investments Limited. On behalf of the Board of Directors, I take the opportunity to thank you for your continuous support and cooperation.

You are aware that due to prolonged political turmoil and slow down of economic activities in 2013 real estate industry continued to face sluggish business throughout the year. The sluggish trend began in late 2010 due to various reasons like high inflation, liquidity crisis, stoppage of the housing refinance scheme, capital market meltdown, lack of utility connections and overall economic crisis. These have affected our Home Loan Financing Business. However on a positive note, the utility situation has relatively improved. Developers are getting power connection in their projects after fulfilling certain terms and conditions including installation of solar panel. Government has started giving fresh gas connections for residential users which will have a positive effect on demand for new apartments.

Since enlistment in the Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) in January 2009, shares of the Company have been traded with reasonable stability, attesting to the solid and strong fundamentals of the Company. Despite volatility of the capital market the closing price of the Company's shares traded on the floors of DSE and CSE at the end of December 2013 stood at Tk. 32.80 and Tk. 32.90 respectively.

Considering the overall position of the Company, the Board has been pleased to recommend 12.50% Cash Dividend to the shareholders for the year 2013.

I would like to thank the members of the Board of Directors for their valuable guidance and inputs. I would also like to thank all employees of the Company at all levels for their sincere and dedicated services to the Company. My thanks are also due to regulatory bodies including Bangladesh Bank, Ministry of Finance, Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE), National Board of Revenue (NBR) and the Board of Investments (BoI) for their guidance and support.

I would like to conclude by expressing my thanks to our valued clients, shareholders and well-wishers for their continuous support.

  
**Latifur Rahman**  
Chairman



**National Housing Finance  
And Investments Limited**



## **Message From the Managing Director**

## Message from the Managing Director

**Dear, Shareholders, Respected Guests, Ladies and Gentlemen,**

I welcome the respected shareholders and distinguished guests at the 15th Annual General Meeting of National Housing Finance And Investments Limited. I express my thanks and gratitude to you all for taking the trouble in attending this AGM.

I am pleased to inform you that despite prolonged nationwide political turmoil and various challenges including moderate liquidity constraint and continuous slowdown in the share market National Housing recorded a better performance in 2013 based mainly on its core business.

As you aware, BSEC vide their letter no. SEC/CI/RI-80/2012/2105 dated March 27, 2013 has approved Right Issue @ 01(one) [R]:02(two), i.e. one right share for every 02(two) shares of Tk.10/- each (at par) to meet the regulatory requirement for capital adequacy. The subscription closing period was 13/06/2013. We have credited the Right shares to the respective shareholders on July 03, 2013. I am glad to inform you that the proceeds of Right Shares have been utilized fully as per projection.

I take the opportunity to inform you that as per Bangladesh Bank guideline we are working to prevent money laundering and terrorist financing activities. National Housing has participated in the 2-days long Annual CAMELCO conference of Anti-Money Laundering which was held on 11 & 12 March 2014 at Coxs Bazar jointly organized by Bangladesh Bank and BLFCA. National Housing also participated in the REHAB Fair, SME Fair and other Fairs. We have continued to build up relationships with various developer companies through signing of MoU to procure our core business.

In conclusion, I would like to express my deep gratitude to the Chairman and the Directors of the Board and shareholders for their continuous support by providing valuable directives and guidelines to run the affairs of the Company and meet various challenges all through the year.

Thanking you all again and wishing you peace, prosperity and happiness in life.



**Md. Abdur Rob**  
Managing Director



**National Housing Finance  
And Investments Limited**

# Directors' Report to the Shareholders



## Directors' Report

It is my great pleasure and privilege on behalf of the Board of Directors of National Housing Finance And Investments Limited to present the Annual Report and Audited Financial Statement of Accounts for the year ended December 31, 2013 together with the Auditors' Report thereon.

The Directors' Report has been prepared in compliance with section 184 of the Companies Act 1994, Corporate Governance notification of BSEC dated 7 August 2012, the Listing Regulation of DSE & CSE, Guideline of Bangladesh Bank and other applicable Rules and Regulations. As per BSEC's Corporate Governance notification a separate report titled 'Report on Corporate Governance' is furnished herewith which may be treated as part of this Directors' Report.

### Bangladesh Economy

Despite our internal political turmoil and slowdown in global economy, Bangladesh economy achieved a growth of 6.0% during FY '13 which is 0.2% point lower than FY 12. It may be noted that macro-economic situation in Bangladesh has been quite stable in recent years. It proved resilient to global financial crisis & posted an average GDP growth of 6.2% during last five years. However, the government has again set a target for GDP growth in FY 14 at 7.2% with an expectation of accelerated growth in agriculture, industry and service sectors. It also expects that global economy shall improve further & internal political situation shall stabilize.

A major positive indication that, despite continued global economic slowdown, the flow of inward remittances from Bangladeshi nationals working abroad remained strong in FY13 and continued to play an important role in strengthening the current account balance. Remittance inflow increased by 12.6% to USD 14.3 billion in FY13. The gross foreign exchange reserve is also remaining at a higher level sufficient to meet more than five months import obligations. Current account balance is also at a satisfactory level.

Broad money (M2) recorded lower growth of 16.7% in FY 13 against targeted growth of 17.7% and 17.4% actual growth in FY 12. The export earnings increased in FY 13 to \$265.66 b and import payment increased marginally to \$335.76 b from \$333.09 b.

Outstanding bank credit (excluding foreign bills and inter-bank items) during FY13 rose by 8.88% to Taka 4,482.15 b as against an increase of 18.40% in FY12. The gross NPLs ratios to total loans were recorded at 11.9% at the end of June 2013.

The credit/deposit ratio of the scheduled banks, excluding the specialized banks was 0.78 at the end of June 2013 and was 0.84 at the end of June 2012. Declining credit to deposit ratio points to declining investor appetite for credit during the year as well as tightening bank loan processing standards.

Bank deposits (excluding inter-bank items) increased by 16.91% to Taka 5728.91 b during FY13 against 19.38% increase in FY12. The rise in total bank deposits was mainly by time deposits.

### Capital Market activities

The Dhaka Stock Exchange Limited launched its new two indices, which are known as the DSE Broad Index ("DSEX") and DSE 30 Index ("DS30") designed & developed by S&P Dow Jones on 28 January 2013. The National Parliament of Bangladesh passed "The Exchange Demutualization Act, 2013" on 29 April 2013 which was gazetted on 2 May 2013. The surveillance software of international standard has been installed to ensure transparency and accountability in the capital market through strengthening the monitoring of transactions.



## Directors' Report

### Liquidity

Currently the scheduled commercial banks have to maintain a Cash Reserve Ratio (CRR) averaging 6.0% with an obligation to maintain a daily minimum 5.5% cash against the Average Total Demand and Time Liability (ATDTL) held by the bank. The current rate of Statutory Liquidity Reserve (SLR) for conventional banks is 19.0% including CRR of time and demand liabilities.

In case of Islamic Shariah-based commercial banks and conventional banks that have Islamic branches, the rate of SLR is 11.5% (inclusive of average 6.0 percent CRR) of their time and demand liabilities.

For FIs the CRR is 2.5% to be kept with Bangladesh Bank against customer deposit.

### Cost of Fund Index for NBFI

Cost of Fund Index commonly known as Base Rate define that 'The rate is the minimum rate below which it is not viable to lend in the domestic market. The base rate also serves as the reference benchmark rate for floating rate loan products, apart from other external market-based benchmark rates'. The base rate captures all those elements of the lending rates that are common across all categories of borrowers. However, actual lending rates charged to the borrowers would be the rate plus borrower-specific charges, which will include product-specific operating costs, credit risk premium and tenor premium.

Bangladesh Bank introduced this system with objective that (1) To ensure corporate governance and market efficiency in the financial sector of the country. (2) To provide a new dimension in the price-setting mechanism in the industry. (3) To make the financial market more transparent and informationally efficient.

### Anti-money Laundering Surveillance

Pursuant to section 24 (1) of the Money Laundering Prevention Act, 2012, an independent unit named "Bangladesh Financial Intelligence Unit (BFIU)" has been established in Bangladesh Bank, abolishing the Anti-Money Laundering Department of Bangladesh Bank. Under the provision of the Money Laundering Prevention Act (MLPA) and Anti-Terrorism Act (ATA), BFIU has taken various initiatives and steps to prevent money laundering and terrorist financing throughout the country in FY13.

### NBFI Sector in Bangladesh

Presently, out of 31 NBFI, 3 are Government-owned, 10 are joint ventures and the rest 18 are locally private-owned. Meanwhile, the branch network increased to 170 as on 30 June 2013.

The asset base increased substantially in FY13. Aggregate industry assets stood at Taka 378.5 b at the end of June 2013 & it was Taka 333.9 b in 2012.

NBFIs are investing in different sectors of the economy, but their investments are mostly concentrated in the industrial sector. In June 2013, NBFIs investments in different sectors like industry, real estate, margin loans, trade and commerce, merchant banking, agriculture and others. NBFIs are allowed to invest in the capital market up to 25% of their capital.

Total deposits of the NBFI sector stood at Tk. 174 b in June 13 against Tk. 145 b in June 12.

## Directors' Report

### Industry Outlook

#### (a) Housing Finance

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

Total housing loans from banks/ FIs as on 30 June 2013 amounted to Taka 421.1 b. In recent years, significant changes have been taken place in total housing loan portfolios. Private sector banks have been expanding their housing loan portfolios, and now have dominant market share. The state owned commercial banks have the second largest share. Besides, private sector specialized housing finance companies also provide a significant amount of loan.

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

### Operational Overview of National Housing

Despite depressed market conditions and subdued activity in the housing and construction sectors, NHFIL has been able to expand its business activities during 2013 which can be seen from the data furnished below:

Particulars	(Amount in BDT Million)			
	2013 (Million Taka)		2012 (Million Taka)	
	Disbursement	Outstanding Portfolio	Disbursement	Outstanding Portfolio
Home mortgage loan	836.35	2,744.55	183.77	2,270.83
Lease & Term finance including SME and other	555.87	1,879.63	738.32	2,003.37
<b>Total:</b>	<b>1,392.22</b>	<b>4,624.18</b>	<b>922.09</b>	<b>4,274.20</b>

The total portfolio of the Company increased by Tk. 349.98 million to Tk. 4624.18 million during 2013, registering a growth rate of 8.19%.



## Directors' Report

### Financial Performance during the Year 2013

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

(Amount in BDT Million)

Particulars	2013				2012
	Q1	Q2	Q3	Yearly	
Net interest income	72.53	83.38	81.48	352.61	242.40
Total operating income	61.76	69.35	65.13	293.66	180.43
Total operating expenses	15.03	18.39	18.94	74.56	68.52
Profit before provisions	61.76	69.35	65.13	293.61	180.43
Provision for loans/Investments	(57.49)	(2.55)	0.80	(59.73)	(100.43)
Profit before taxes	4.36	66.82	65.93	233.92	80.01
Provision for taxes	(3.82)	1.13	(23.78)	(66.45)	(38.57)
Net profit after taxation	0.54	67.96	42.66	167.47	41.44

### Credit Rating

On 05 August 2013 CRAB has assigned 'A2' (single A) rating in the Long Term and 'ST-3' in the Short Term to the Company based on financials up to December 31, 2012. Bank/FIs rated as 'A2' (Strong Capacity & High Quality) have strong capacity to meet financial commitments, maintains 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-3 (Average Grade) means average capacity for timely repayment of obligations.

### Dividend

NHFIL has earned a net profit after tax of TK. 167.47 million as against TK. 41.44 million in the previous year. In terms of Bangladesh Bank guidelines' we have increased our paid up capital to BDT 106.39 crore. The Board of Directors recommend 12.50% Cash Dividend i.e. Tk. 1.25 for every share for the year ended 31st December, 2013 subject to approval at the 15th Annual General Meeting.

## Directors' Report

### Directors

In terms of the Shareholders' Agreement, the following Directors are to retire at the 15th Annual General Meeting.

SL#	Directors to Retire	Organization Represented
01	Mr. AKM Shafiqur Rahman	National Bank Limited
02	Mr. Azmal Hossain	Eastern Insurance Co. Ltd.
03	Mr. Mizanur Rahman	Shaw Wallace Bangladesh Ltd.
04	Mr. Syed Ali Jowher Rizvi	Investors Forum (Zambia)

The following shareholders being eligible for election/ re-election expressed their interest to be elected as Directors in the 15th AGM:

SL#	Directors to be Elected/Re-elected	Organization Represented
01	Mr. AKM Shafiqur Rahman	National Bank Limited
02	Mr. Azmal Hossain	Eastern Insurance Co. Ltd.
03	Mr. Aziz Khan	Summit Ind. & Mercantile Corp. (Pvt) Ltd.
04	Mr. Syed Ali Jowher Rizvi	Investors Forum (Zambia)

### Auditors

The Company's Auditors, M/s Syful Shamsul Alam & Co., Chartered Accountants shall retire at the 15th AGM. Having completed three years of audit work they are not eligible for re-appointment for the year 2014. Many of "A" graded audit firms have expressed their interest to act as auditor. Upon appraisal by the Audit Committee, the Board recommended the appointment of M/s Howladar, Yunus & Co., Chartered Accountants for the year 2014.

### Appreciation

On behalf of the Board of Directors, I take this opportunity to express our gratitude and sincere thanks to the Company's shareholders and clients for their continuous patronage and support. The Directors also express their gratitude to Bangladesh Bank and other regulatory authorities for their valuable guidance. The Board records its appreciation to employees at all levels for their sincere and dedicated service.

For and on behalf of the Board.



**Latifur Rahman**  
Chairman



## Audit Committee Report

**For the year ended 31st December, 2013**

The Audit committee consist of the following members:

Professor Imran Rahman, Independent Director	Chairman
Mr. Md. Kabir Reza, Director	Member
Mr. Akhtar Ahmed, Director	Member
Mr. Azmal Hossain, Director	Member
Mr. Syed Tanveer Hussain, Independent Director	Member
Mr. Md. Abdur Rob, Managing Director	Ex-officio member

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

### Functions and Activities:

#### The Committee

- ▶ met 4 (four) times in the year 2013 on 18.04.2013, 13.05.2013, 22.07.2013 and 28.10.2013;
- ▶ 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 and recommended to the Board for appointment of M/s Howladar Yunus & Co, Chartered Accountants, at the 15th AGM on May 28, 2014;
- ▶ 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;

## Audit Committee Report

- ▶ 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;
- ▶ monitored the steps taken against findings of inspection team of regulatory authority.

### 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.



**Professor Imran Rahman**  
Chairman  
Audit Committee

## Report on Financial Statements by Managing Director/CEO and CFO

The Financial Statements of the National Housing Finance And Investments Limited are prepared in compliance with International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standards (IFRS)/ Bangladesh Financial Reporting Standards (BFRS) and other applicable laws, rules and regulations.

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

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

- i. We have reviewed financial statements for the year ended 2013 and that to the best of our knowledge and belief:
  - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- ii. There are, to the best of knowledge and belief, no transaction entered into by the Company during the year which are fraudulent, illegal or violation of the Company's code of conduct.



**Sayed Ahmed ACMA**  
Chief Financial Officer



**Md. Abdur Rob**  
Managing Director



## Report on Corporate Governance

### [Report on Corporate Governance as per the guidelines of the BSEC's notification dated 07 August 2012 and a part of the report of the Director Report]

Corporate governance is the set of processes, customs, policies, laws, and institutions affecting the way an organization (or company) is directed and administered. Corporate Governance also includes relationships among the stakeholders involved and achievement of the goals for which the organization is formed. The principal stakeholders of a FIs are depositors, shareholders, board, management, employees and borrowers. Other stakeholders include suppliers, regulators, other banks, and the community at large.

Corporate governance is the acceptance by management of the inalienable rights of shareholders as the true owners of the company and of their own role as trustees on behalf of the shareholders. It is about commitment to values, about ethical business conduct and about making a distinction between personal & corporate funds in the management of a company. Fairness, Transparency, Accountability and Responsibility are the minimum standards of acceptable corporate behavior.

Corporate governance is also to ensure the accountability of certain individuals in an organization through mechanisms that try to reduce or eliminate the principal-agent conflict. A related discussion of corporate governance focuses the system of economic efficiency with a strong emphasis on enhancement of shareholders' value and welfare.

Since inception, NHFIL's corporate governance policies recognize the importance of the transparency to all its constituents; including employees, customers, investors, and the regulatory authorities demonstrating that the shareholders are the ultimate beneficiaries of the Company's economic activities.

In addition to the primary role of monitoring corporate performance, the function of the Board includes approving a business plan, reviewing and approving annual budgets and borrowing limits, fixing exposure limits and ensuring that our shareholders are kept informed about our plans, strategies and performance. To enable the Board of Directors to discharge these responsibilities effectively, the management provides detailed reports on performance to the Board on quarterly basis. The Board of Directors also functions through various committees such as the Audit Committee and the Executive Committee.

We are performing ethically and efficiently to generate long-term value and wealth for all its stakeholders. The Corporate Governance principles of the Company ensures that the Board remains informed, independent and involved in the Company and there are ongoing efforts towards better corporate governance to mitigate "non business" risks. The Board periodically reviews the compliance of all applicable laws and gives appropriate directions, wherever necessary.

### Risk and Concern

Investment always associates with some internal/external risk factors and among factors, some can be averted, others are beyond control. The risk of NHFIL is defined as the possibility of losses, financial or otherwise. The risk management of the company covers core risk areas of the company, viz, interest rate risk, credit risk, liquidity risk, industry risk, market and technology related risk, exchange rate risk, operational risk, capital adequacy risk, risk from the competitors, change in regulatory policies, change in government policies, Change in economic and political conditions, assets quality risk, history of non-operation, if any etc. The prime objective of the risk management is that, the company evaluates and takes well calculated business risks and thereby safeguarding the company's capitals, its financial resources and profitability from various business risks through its own measures and through implementing Bangladesh Bank's guidelines and with the best practices.



## Report on Corporate Governance

### Internal Control and Compliance

NHFIL made relevant mandatory disclosure in its financial statements under the regulatory framework, including compliance with the provisions of International Accounting Standards (IAS) and Bangladesh Accounting Standards (BAS). The annual financial statements are audited by reputed chartered accountants firms who issue unqualified audit reports. There is an independent Internal Control & Compliance Department, which looks after compliance with the organizational policies by different departments.

### Delegation of Authority

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

### Board of Directors & Role of the Board

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

The Board duly complies with the guidelines issued by Bangladesh Bank regarding the responsibility and accountability of the Board, its Chairman and Chief Executive/Managing Director, vide DFIM Circular No. 7 dated September 25, 2007.

The Board's main roles are to define the Company's strategic objectives, to provide entrepreneurial leadership for the Company, to create value for shareholders and to ensure that the necessary financial and other resources are available to enable the Company and the Board to meet these objectives. The specific responsibilities reserved to the Board include the approval of all information supplied to shareholders in the annual and interim accounts; the setting of Company strategy; approving annual budgets; reviewing operational and financial performance; approving capital expenditure; setting of borrowing limits; treasury policy; reviewing the Company's systems of financial control and risk management; ensuring that appropriate management development and succession plans are in place; approving appointments to the Board and ensuring that a satisfactory dialogue takes place with shareholders over the Company's results and its aspirations for the future. The CG principles of the Company ensure that the Board remains informed, independent and involved in the affairs of the Company and ensures that there are ongoing efforts towards better CG to mitigate "non business" risks. Directors of NHFIL possess the highest personal and professional ethics, integrity, and values and are committed to representing the long-term interests of the stakeholders.

The basic responsibility of the Board is to provide effective governance over the Company's affairs exercising its reasonable business judgments on behalf of the Company. The Company's business is conducted by its employees under the direction of the Managing Director and the overall supervision and guidelines of the Board. The management ensures that all provisions of law are complied with. The management develops Company's strategy, coordinates it with the Board, and ensures its implementation. It ensures appropriate risk management and risk controlling measures by relevant officers of the Company. The Board members have collective experience in diverse fields like finance, banking, insurance, economics, corporate laws and administration.

Short Bio-data of all the Directors are given in pages 16 to 22 of this Annual Report.



## Report on Corporate Governance

### Changes of the Board

National Life Insurance Co. Ltd. a sponsor shareholder of the Company had changed its representative, Mr. Mahmudul Huq Taher, and in his place had nominated Mr. Morshed Alam, who was subsequently appointed as Director by the Board in its 143rd meeting held on 11th September, 2013.

Eastland Insurance Co. Ltd. a sponsor shareholder of the Company had changed its representative, Mr. M. Azmal Hoque, and in his place had nominated Mr. Mahbubur Rahman, who was subsequently appointed as Director by the Board in its 147th Meeting held on 10th February, 2014.

National Bank Ltd. a sponsor shareholder of the Company had also changed its representative, Mr. Neaz Ahmed, and in his place had nominated Mr. AKM Shafiqur Rahman, who was subsequently appointed as Director by the Board in its 148th meeting held on 19th March, 2014.

Including Independent Directors, the Board of NHFIL comprises eleven non-executive Directors of whom ten are nominated Directors, one individual and three Independent Directors and the Managing Director who is ex-officio Director. They encompass a range of talents, skills and expertise to provide prudent guidance with respect to the operations of the Company.

There are two committees constituted by the Board members to assist the Board in discharging its responsibilities, namely, the Audit Committee and the Executive Committee. The Board fixes the terms of reference for each Committee and also delegates power from time to time. Various recommendations of the Committees are submitted to the Board for approval.

### Board Meetings

The Board of Directors meet at regular intervals with a formal schedule of matters specifically reserved for its attention to ensure that it exercises full control over significant strategic, financial, operational and compliance matters. The Board is regularly briefed and updated on key activities of the business and is provided with briefings and presentations on other matters concerning the Company on a need basis. Besides, information about statutory compliance, minutes of the sub-committees of the Board and information as required under listing guidelines are also provided to the Directors on a regular basis. The dates of the Board meetings are fixed in advance and notices are served adequately ahead of the meeting to facilitate proper attention and maximum attendance of the Directors. During the year 2013, 12 (twelve) meetings of the Board of Directors were held. A detail of the Board Meetings is given on page 48 of this Annual Report.

### Role of the Chairman

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

### Role of the Managing Director

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



## Report on Corporate Governance

### **Role of the Company Secretary**

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

### **Role of the Head of Internal Control & Compliance**

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

### **Chairman & Managing Director of the Company are different person**

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

### **Remuneration paid to Directors including Independent Directors**

The Board members get only fees for attending Board/Committee meetings and they are not allowed other remuneration or incentive. According to the ceiling fixed by the Bangladesh Bank the Directors get an amount of Tk. 5,000 per meeting. Total remuneration including VAT for Board of Directors Meeting, Audit Committee Meeting and Executive Committee Meeting paid to Directors during 2013 is shown at page 50 of this Annual Report.

### **Board Committees**

There are two committees constituted by the Board members to assist the Board in discharging its responsibilities, namely, the Audit Committee and the Executive Committee. The Board fixes the terms of reference for each Committee and also delegates power from time to time. Various recommendations of the Committees are submitted to the Board for approval.

### **Audit Committee**

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

The Audit Committee was reconstituted on 1st June, 2013 and the members were:

- ▶ Professor Imran Rahman, Independent Director as the Chairman
- ▶ Md. Kabir Reza, FCMA representing Square Pharmaceuticals Ltd.
- ▶ Akhtar Ahmed representing Reliance Insurance Ltd.
- ▶ Azmal Hossain representing Eastern Insurance Co. Ltd.
- ▶ Syed Tanveer Hussain, Independent Director.

Mr. Md. Abdur Rob, Managing Director acts as its ex-officio member. Mr. Md. Sarwar Kamal, ACS, Company Secretary, acts as Secretary of the Committee. During the year 2013, 4 (four) meetings of the Audit Committee of the Board of Directors were held.

## Report on Corporate Governance

### Executive Committee

The Executive Committee is authorized to review and approve the proposals of loans and advances within prescribed limits set by the Board. The EC reviews all other proposals relating to loans and advances above the limits as well as other matters for Board approval.

The EC was reconstituted on 1st June, 2013 and the members are:

- Mr. Syed Ali Jowher Rizvi as the Chairman.
- Mizanur Rahman representing Shaw Wallace Bangladesh Ltd.
- Neaz Ahmed representing National Bank Ltd.
- Muminul Haque Chowdhury representing Borak Travels (Pvt.) Ltd.
- Md. Kabir Reza, FCMA representing Square Pharmaceuticals Ltd.

Following the expiry of contract Mr. Neaz Ahmed is no longer MD of National Bank Ltd. In the circumstances Board decided to include Mr. Syed Tanveer Hussain, Independent Director in place of Mr. Neaz Ahmed in the Executive Committee.

Mr. Md. Abdur Rob, Managing Director acts as its ex-officio member. Mr. Md. Sarwar Kamal, ACS, Company Secretary, acts as Secretary of the Committee. During the year 2013, 11 (eleven) meetings of the Executive Committee of the Board of Directors were held.

### Related Party Transactions

Transactions with related parties are made on arm's length basis and are in the ordinary course of business. Detailed transactions with related parties are described at notes 45 of the Financial Statements at page 92 of this Annual Report.

### Statement of Managing Director/CEO and CFO

A separate statement as to the fairness and presentation of the Financial Statements of the Company is given at page 40 of this report.

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

Key operating and financial data of last preceding 5 (five) years is shown under the heading of Financial Highlights at page 24 of this Annual Report.

### Corporate and Financial Reporting Framework

The Members of the Board, in accordance with the Securities & Exchange Commission's Notification no. SEC/CMRRC/2006-158/Admin/129/43 dated 07 August 2012; confirm compliance with the financial reporting framework for the following:

- The financial statements prepared by the Management of NHFIL present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the issuer company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment.



## Report on Corporate Governance

- International Accounting Standards (IAS)/ Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standards (IFRS)/ Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure therefrom has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the issuer company's ability to continue as a going concern.

### Going Concern

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

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

### Shareholding Pattern

Shareholding patterns of the Company as at the end of the year 2013 is shown at page 51 of this report.

### Right Offer

BSEC vide their letter no. SEC/CI/RI-80/2012/2105 dated March 27, 2013 has approved the Right Issue @ 01(one) [R]:02(two), i.e. one right share for every 02(two) shares of Tk.10/- each (at par) to meet regulatory requirement for capital adequacy. Accordingly, schedule of subscription was as follows:

Record date for entitlement of Right Share	: 24-04-2013
Subscription opening date	: 19-05-2013
Subscription closing date	: 13-06-2013

NHFIL received the right application as per the schedule. After all legal compliance the Company used the entire fund as per given schedule in the Right offer Documents. Accordingly the schedule of the status reported to the concerned regulatory authority.

## Report on Corporate Governance

### Annual General Meeting (AGM)

NHFIL holds an Annual General Meeting (AGM) of shareholders once each year in due time and the Company ensures effective interaction with the shareholders at the AGM. The Directors pay special attention to answering the various queries raised by the shareholders at the AGM.

The Company's operational outcome/results and official news release 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 the daily newspapers.

### Resolutions passed at the previous AGM, i.e., 14th AGM held on 1st June 2013

Details of the previous AGM are as follows:

Particulars	Date & Time Venue	Venue
14th AGM	1st June 2013 at 12.00 p.m.	Samarai Convention Center, 23/G/7, Panthapath (Opposite Bashundhara City Market), Dhaka.

Approval given by the shareholders;

- ▶ Financial Statements for the year ended December 31, 2012
- ▶ Dividend (Stock @ 5.00%)
- ▶ Election/Re-election of Directors who were eligible for elected/re-election and expressed their interest to be elected as Director in the 14th AGM: Mr. Latifur Rahman representing Bangladesh Lamps Ltd., Mr. Mizanur Rahman representing Shaw Wallace Bangladesh Ltd., Mr. Neaz Ahmed representing National Bank Limited and Mr. Akhtar Ahmed representing Reliance Insurance Limited.
- ▶ Appointment of Auditors; M/s Syful Shamsul Alam & Co., Chartered Accountants as external auditor of the Company.
- ▶ Confirmation the appointment of Independent Director: confirmation the appointment of Professor Imran Rahman, Vice Chancellor, ULAB, Mr. Syed Tanveer Hussain, Former Secretary to the Government of Peoples Republic of Bangladesh and Mr. Imtiaz Mahmood, Advocate, Supreme Court as Independent Directors.

### General Shareholders' Information for 15th AGM

- ▶ **Date:** 28<sup>th</sup> day of May 2014; Time 11.00 am
- ▶ **Venue:** Lakeshore Hotel, Road: 41, House: 46, Gulshan 2, Dhaka-1212.
- ▶ **Financial Reporting Calendar:** 1st January 2013 to 31st December 2013
- ▶ **Dates of Book Closure/Record date:** 4th day of May 2014
- ▶ **Agenda to be discussed:**
  - 01 To receive, consider and adopt the audited financial statements of the Company for the year ended 31 December, 2013 together with reports of Auditors.
  - 02 Declaration of dividend for the year ended 31 December, 2013.
  - 03 To elect Directors, in accordance with the relevant provisions of the Articles of Association of the Company.
  - 04 To appoint Auditors and fix their remuneration for the year 2014.

**Dividend Payment Date:** The dividend if declared by the shareholders at the AGM shall be paid on or before 28 June 2014, i.e. within 30 days from the date of declaration.

### Listing on Stock Exchanges:

(i) Dhaka Stock Exchange Ltd.                   (ii) Chittagong Stock Exchange Ltd.



## Report on Corporate Governance

### Board Meeting and attendance of Directors During the year 2013

Name of the Directors	Nominated by	Designation	Total Meetings	Meeting Attended	Change During 2013
Mr. Latifur Rahman	Bangladesh Lamps Ltd.	Chairman	12	8	–
Mr. Neaz Ahmed	National Bank Ltd.	Director	12	8	–
Mr. Jalal Ahmed National	IFIC Bank Ltd.	Director	12	9	–
Mr. Akhtar Ahmed	Reliance Insurance Limited	Director	7	6	Appointed on 01.06.2013
Mr. Morshed Alam	National Life Insurance Co. Ltd.	Director	3	1	Appointed on 29.10.2013
Mr. Muminul Haque Chowdhury	Borak Travels (Pvt.) Ltd.	Director	12	12	–
Mr. Azmal Hossain	Eastern Insurance Co. Ltd.	Director	12	12	–
Mr. M. Azmal Hoque	Eastland Insurance Co. Ltd.	Director	12	3	–
Mr. Mizanur Rahman	Shaw Wallace Bangladesh Ltd.	Director	12	8	–
Mr. Md. Kabir Reza	Square Pharmaceuticals Ltd.	Director	12	7	–
Mr. Syed Ali Jower Rizvi		Director	12	10	–
Professor Imran Rahman		Independent Director	12	9	–
Mr. Syed Tanveer Hussain		Independent Director	12	10	–
Mr. Imtiaz Mahmood		Independent Director	8	4	Appointed on 14.05.2013
Mr. Mahmudul Huq Taher	National Life Insurance Co. Ltd.	Director	9	6	Resigned on 11.09.2013
Mr. Rezaul Karim	Shadharan Bima Corporation	Director	5	1	Resigned on 14.05.2013

## Report on Corporate Governance

### Executive Committee Meeting and attendance of Directors During the year 2013

Name of the Directors	Nominated by	Designation	Total Meetings	Meeting Attended	Change During 2013
Mr. Syed Ali Jowher Rizvi		Chairman	11	10	-
Mr. Mizanur Rahman	Shaw Wallace Bangladesh Ltd.	Member	11	9	-
Mr. Neaz Ahmed	National Bank Ltd.	Member	11	11	-
Mr. Muminul Haque Chowdhury	Borak Travels (Pvt.) Ltd.	Member	11	11	-
Mr. Md. Kabir Reza, FCMA	Square Pharmaceuticals Ltd.	Member	6	5	Appointed from 17.06.2013
Mr. Azmal Hossain	Eastern Insurance Co. Ltd.	Member	5	5	Resigned on 12.05.2013

### Audit Committee Meeting and attendance of Directors During the year 2013

Name of the Directors	Nominated by	Designation	Total Meetings	Meeting Attended	Change During 2013
Professor Imran Rahman	Independent Director	Chairman	4	4	-
Mr. Md. Kabir Reza, FCMA	Square Pharmaceuticals Ltd.	Member	4	3	-
Mr. Akhtar Ahmed	Reliance Insurance Ltd.	Member	2	1	Appointed from 22.07.2013
Mr. Azmal Hossain	Eastern Insurance Co. Ltd.	Member	4	4	-
Mr. Syed Tanveer Hussain	Independent Director	Member	2	2	Appointed from 22.07.2013
Mr. Neaz Ahmed	National Bank Ltd.	Member	2	2	Resigned on 13.05.2013
Mr. Muminul Haque Chowdhury	Borak Travels (Pvt.) Ltd.	Member	2	2	Resigned on 13.05.2013



## Report on Corporate Governance

### Remuneration Paid to Directors Including Independent Director (including VAT)

During the year 2013

*Amount in Taka*

Name of the Directors	Nominated by	Designation	Board Meeting	Audit Committee	Executive Committee	Total
Mr. Latifur Rahman	Bangladesh Lamps Ltd.	Chairman	40,000	—	—	40,000
Mr. Neaz Ahmed	National Bank Ltd.	Director	40,000	55,000	10,000	105,000
Mr. Jalal Ahmed	IFIC Bank Ltd.	Director	45,000	—	—	45,000
Mr. Akhtar Ahmed	Reliance Insurance Ltd.	Director	30,000	—	5,000	35,000
Mr. Morshed Alam	National Life Insurance Co. Ltd.	Director	5,000	—	—	5,000
Mr. Muminal Haque Chowdhury	Borak Travels (Pvt.) Ltd.	Director	60,000	55,000	10,000	125,000
Mr. Azmal Hossain	Eastern Insurance Co. Ltd.	Director	60,000	25,000	20,000	105,000
Mr. M. Azmal Hoque	Eastland Insurance Co. Ltd.	Director	15,000	—	—	15,000
Mr. Mizanur Rahman	Shaw Wallace Bangladesh Ltd.	Director	40,000	45,000	—	85,000
Mr. Md. Kabir Reza	Square Pharmaceuticals Ltd.	Director	35,000	25,000	15,000	75,000
Mr. Syed Ali Jower Rizvi		Director	50,000	50,000	—	100,000
Professor Imran Rahman		Independent Director	45,000	—	20,000	65,000
Mr. Syed Tanveer Hussain		Independent Director	50,000	—	10,000	60,000
Mr. Imtiaz Mahmood		Independent Director	20,000	—	—	20,000
Mr. Mahmudul Huq Taher	National Life Insurance Co. Ltd	Director	30,000	—	—	30,000
Mr. Rezaul Karim	Shadharan Bima Corporation	Director	5,000	—	—	5,000

### Pattern of Shareholding

Shareholding Pattern of the Company as on 31st December 2013 On the basis of shareholders types:

Group Name	No. of Shareholder (S)	No. of Share (s)	Percentage (%)
Company	164	3,860,586	3.63
General Public	6,793	8,275,693	7.78
Investor Account (Omnibus)	61	341,087	0.32
Mutual Fund	16	718,508	0.68
NRB (Non Residential)	14	24,291	0.02
Sponsor Share	37	92,783,709	87.21
Unite Fund	4	388,126	0.36
<b>Total:</b>	<b>7,089</b>	<b>106,392,000</b>	<b>100.00</b>

## Report on Corporate Governance

**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	4,653	357,203	0.34
501 - 5000	1,951	3,358,446	3.16
5001 - 10000	233	1,729,363	1.63
10001 - 20000	120	1,768,846	1.66
20001 - 30000	36	905,408	0.85
30001 - 40000	20	697,490	0.66
40001 - 50000	13	595,247	0.56
50001 - 100000	17	1,261,026	1.19
100001 - 1000000	28	7,686,511	7.22
1000001 to above	18	88,032,460	82.74
<b>Total :</b>	<b>7,089</b>	<b>106,392,000</b>	<b>100.00</b>

**Shareholding status of Parent/Subsidiary/Associated Companies and other related parties, Directors\* and CEO and their spouses & minor children.**

Name of Director/ Shareholder	Represented by	Designation	No.of Share(s) held	Percent (%)
Parent/Subsidiary/Associated Companies and other related parties			Nil	Nil
Bangladesh Lamps Ltd	Mr. Latifur Rahman	Chairman	5,123,276	4.82
National Bank Ltd.	Mr. Neaz Ahmed	Director	5,123,295	4.82
IFIC Bank Limited	Mr. Jalal Ahmed	Director	4,808,100	4.52
Reliance Insurance Ltd.	Mr. Akhtar Ahmed	Director	5,123,295	4.82
National Life Insurance Co. Ltd.	Mr. Morshed Alam	Director	5,123,295	4.82
Borak Travels (Pvt.) Ltd.	Mr. Muminul Haque Chowdhury	Director	5,213,276	4.82
Eastern Insurance Co. Limited	Mr. Azmal Hossain	Director	5,123,295	4.82
Eastland Insurance Co. Ltd.	Mr. M. Azmal Hoque	Director	5,123,295	4.82
Shaw Wallace Bangladesh Ltd.	Mr. Mizanur Rahman	Director	4,808,100	4.52
Square Pharmaceuticals Ltd.	Mr. Md. Kabir Reza	Director	5,023,450	4.72
Mr. Syed Ali Jowher Rizvi		Director	2,884,860	2.71
Professor Imran Rahman		Independent Director	Nil	Nil
Mr. Syed Tanveer Hussain		Independent Director	Nil	Nil
Mr. Imtiaz Mahmood		Independent Director	Nil	Nil
Mr. Md. Abdur Rob		Managing Director	Nil	Nil
Shareholders holding ten percent (10%) or more voting interest in the company			Nil	Nil

\* All the Directors except Mr. Syed Ali Jowher Rizvi & Independent Directors are Directors' nominated by institutions and they do not hold any share in their personal name.



## Report on Corporate Governance

### Shareholding Status of CFO, CS and Head of Internal Audit and their spouse & minor children

Name of the Executive	Designation	No.of Share(s) held	Percent (%)
Mr.Syed Ahmed FCMA	CFO	Nil	Nil
Mr.Md.Sarwar Kamal ACS	Company Secretary	Nil	Nil
Mr. Probir Sheel	Head of Internal Audit	Nil	Nil

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

Name of the Executive	Designation	No.of Share(s) held	Percent (%)
Mr.Md.Khalilur Rahman	Additional Managing Director	Nil	Nil
Mr.Md.Kamal Pasha	Vice President	Nil	Nil
Mr.Shital Chandra Saha	Vice President & Head of Lease	Nil	Nil
Mr.Md.Nazrul Islam	AVP & Head of Recovery	Nil	Nil
Mr.Md.Abdul Baten	AVP & Head of Marketing	Nil	Nil

Status of compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission's Notification No. SEC/CMRRCD/2006-158/134/ Admin/44 dated 07 August, 2012 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

### [Report under Condition No.7.00]

Condition No.	Compliance Status ("✓" in appropriate column)	Remarks (if any)	
		Complied	Not Complied
1 <b>BOARD OF DIRECTORS:</b>			
1.1 Board's Size [number of Board members to be 5 - 20]	✓		
1.2 <b>Independent Directors</b>			
1.2 (i) Number of Independent Directors [at least one-fifth]	✓		
1.2 (ii) <b>Independent Director (ID) means a director:</b>			
1.2 (ii) (a) Holding no share or holding less than 1% shares	✓		
1.2 (ii) (b) Not being a sponsor and connected with any sponsor or director or shareholder holding 1% or more shares	✓		
1.2 (ii) (c) Not having any pecuniary or otherwise relationship with the company or its subsidiary/associated companies	✓		
1.2 (ii) (d) Not being member/director/officer of any stock exchange	✓		
1.2 (ii) (e) Not being shareholder/director/officer of any member of stock exchange or intermediary of capital market	✓		

## Report on Corporate Governance

Condition No.	Title	Compliance Status ("✓" in appropriate column)		Remarks (If any)
		Complied	Not Complied	
1.2 (ii) (f)	Not being partner/executive at present or during the preceding 3 years of the company's statutory audit firm	✓		
1.2 (ii) (g)	Not being an ID in more than 3 listed companies	✓		
1.2 (ii) (h)	Not convicted as defaulter in any loan of a bank or NBFI	✓		
1.2 (ii) (i)	Not convicted for a criminal offence	✓		
1.2 (iii)	To be appointed by BOD and approved in the AGM	✓		
1.2 (iv)	The post cannot remain vacant for more than 90 days	--	--	N/A
1.2 (v)	Laying down of code of conduct of Board members and recording of annual compliance of the code ?	✓		
1.2 (vi)	Tenure of ID : 3 years, may be extended for one term ?	✓		
1.3	<b>Qualification of Independent Director</b>			
1.3 (i)	Being knowledgeable, having integrity, ability to ensure compliance with laws and make meaningful contribution ?	✓		
1.3 (ii)	Being a Business Leader/ Corporate Leader/ Bureaucrat/ University Teacher(Economics/Business/Law)/CA/CMA/CS having 12 years of management/professional experience ?	✓		
1.3 (iii)	Prior approval of the Commission in special cases	--	--	N/A
1.4	Appointment of Chairman and CEO, defining their roles ?	✓		
1.5	<b>The Director's Report to Shareholders shall include</b>			
1.5 (i)	Industry outlook and possible future developments	✓		
1.5 (ii)	Segment-wise or product-wise performance	✓		
1.5 (iii)	Risks and concerns	✓		
1.5 (iv)	Discussion on COGS, Gross Profit and Net Profit Margins	✓		
1.5 (v)	Discussion on continuity of Extra-Ordinary gain or loss	--	--	N/A
1.5 (vi)	Basis for and a statement of related party transactions	✓		
1.5 (vii)	Utilization of proceeds from issuing instruments	✓		
1.5 (viii)	Explanation, if the financial results deteriorate after going for IPO, RPO Right Offer, Direct Listing, etc	--	--	N/A
1.5 (ix)	Explanation about significant variance between Quarterly Financial performance and Annual Financial Statements	--	--	N/A
1.5 (x)	Remuneration to directors including IDs	✓		
1.5 (xi)	Fair presentation in financial statements	✓		
1.5 (xii)	Maintaining proper books of accounts	✓		
1.5 (xiii)	Consistent application of appropriate accounting policies and accounting estimates being reasonable and prudent	✓		
1.5 (xiv)	Following applicable IAS/BAS/IFRS/BFRS, and adequate disclosure for any departure there-from, if any	✓		
1.5 (xv)	Soundness and monitoring of internal control system	✓		
1.5 (xvi)	Statement regarding ability to continue as going concern	✓		
1.5 (xvii)	Significant deviations from last year's operating results	--	--	N/A
1.5 (xviii)	Summary of key operating/financial data of last 5 years	✓		
1.5 (xix)	Reason for non declaration of Dividend	--	--	N/A
1.5 (xx)	Number of Board meetings and attendance of directors	✓		



## Report on Corporate Governance

Condition No.	Title	Compliance Status ("✓" in appropriate column)		Remarks (If any)
		Complied	Not Complied	
<b>1.5 (xxi)</b>	<b>Pattern of shareholding (along with name wise details) by-</b>			
1.5 (xxi) (a)	Parent/Subsidiary/Associate Companies & related parties	✓		
1.5 (xxi) (b)	Directors, CEO, CS, CFO, HOIA, their spouses & children	✓		
1.5 (xxi) (c)	Executives (Top 5 salaried employees other than above)	✓		
1.5 (xxi) (d)	Shareholders holding 10% or more voting interest	✓		
<b>1.5 (xxii)</b>	<b>In case of the appointment/re-appointment of a director,</b>			
1.5 (xxii) (a)	A brief resume of the director	✓		
1.5 (xxii) (b)	Nature of his/her expertise in specific functional areas	✓		
1.5 (xxii) (c)	Names of companies in which he/she holds directorship and the membership of committees of the board	✓		
<b>2</b>	<b>CFO, HEAD OF INTERNAL AUDIT AND CS:</b>			
2.1	Appointment of a CFO, a Head of Internal Audit and a CS and defining their roles, responsibilities & duties	✓		
2.2	Attendance of CFO and CS in the meetings of the Board	✓		
<b>3</b>	<b>AUDIT COMMITTEE:</b>			
3 (i)	Having Audit Committee as a sub-committee of the BOD	✓		
3 (ii)	Audit Committee to assist the BOD in ensuring fairness of financial statements and a good monitoring system	✓		
3 (iii)	Audit Committee being responsible to the BOD; duties of Audit Committee to be clearly set forth in writing	✓		
<b>3.1</b>	<b>Constitution of the Audit Committee</b>			
3.1 (i)	Audit Committee to be composed of at least 3 members	✓		
3.1 (ii)	Directors (at least one Independent Director), as Audit Committee Members, to be appointed by BOD	✓		
3.1 (iii)	Audit Committee members to be "financially literate" and at least one to have accounting/financial experience	✓		
3.1 (iv)	Vacancy in Audit Committee making the number lower than 3 to be filled up immediately and within 1 month	--	--	N/A
3.1 (v)	The CS to act as the secretary of the Audit Committee	✓		
3.1 (vi)	No quorum in Audit Committee meeting without one ID	✓		
<b>3.2</b>	<b>Chairman of the Audit Committee</b>			
3.2 (i)	Chairman to be Independent Director, selected by BOD	✓		
3.2 (ii)	Chairman of audit committee to remain present in AGM	✓		
<b>3.3</b>	<b>Role of Audit Committee</b>			
3.3 (i)	Oversee the financial reporting process	✓		
3.3 (ii)	Monitor choice of accounting policies and principles	✓		
3.3 (iii)	Monitor Internal Control Risk management process	✓		
3.3 (iv)	Oversee hiring and performance of external auditors	✓		
3.3 (v)	Review the annual financial statements	✓		
3.3 (vi)	Review the quarterly and half yearly financial statements	✓		
3.3 (vii)	Review the adequacy of internal audit function	✓		
3.3 (viii)	Review statement of significant related party transactions	✓		
3.3 (ix)	Review Letters issued by statutory auditors	✓		

## Report on Corporate Governance

Condition No.	Title	Compliance Status ("✓" in appropriate column)		Remarks (If any)
		Complied	Not Complied	
3.3 (x)	Review disclosures/statements/declarations about uses of funds raised through IPO/RPO/Rights Issue	✓		
<b>3.4</b>	<b>Reporting of the Audit Committee</b>			
<b>3.4.1</b>	<b>Reporting to the Board of Directors</b>			
3.4.1 (i)	Reporting on the activities of Audit Committee	✓		
3.4.1 (ii) (a)	Reporting on conflicts of interests	--	--	N/A
3.4.1 (ii) (b)	Reporting on suspected/presumed fraud or irregularity or material defect in the internal control system	--	--	N/A
3.4.1 (ii) (c)	Reporting on suspected infringement of laws	--	--	N/A
3.4.1 (ii) (d)	Reporting on any other matter to disclose immediately	--	--	N/A
3.4.2	Reporting to BSEC	--	--	N/A
3.5	Reporting to the Shareholders and General Investors	✓		
<b>4</b>	<b>EXTERNAL / STATUTORY AUDITORS</b>			
4.00 (i)	Non-engagement in appraisal/valuation/fairness opinions	✓		
4.00 (ii)	Non-engagement in designing & implementation of FIS	✓		
4.00 (iii)	Non-engagement in Book Keeping or accounting	✓		
4.00 (iv)	Non-engagement in Broker-Dealer services	✓		
4.00 (v)	Non-engagement in Actuarial services	✓		
4.00 (vi)	Non-engagement in Internal Audit services	✓		
4.00 (vii)	Non-engagement in services determined by Audit Com.	✓		
4.00 (viii)	Possessing no share by any partner or employee of the external audit firm during the tenure of assignment	✓		
4.00 (ix)	Non-engagement in audit/certification Scervices on compliance of corporate governance as required under clause 1 of condition 7	✓		
<b>5</b>	<b>SUBSIDIARY COMPANY</b>			
5 (i)	Composition of BOD to be similar to holding company	--	--	N/A
5 (ii)	One ID to be in both holding and subsidiary company	--	--	N/A
5 (iii)	Minutes of Board meetings of subsidiary company to be placed at following Board meeting of holding company	--	--	N/A
5 (iv)	Minutes of respective Board meeting of holding company to state that affairs of subsidiary company be reviewed	--	--	N/A
5 (v)	Audit Committee of holding company to review financial statements / investments of subsidiary company	--	--	N/A
<b>6</b>	<b>DUTIES OF CEO AND CFO:</b>			
6 (i) (a)	To certify that they've reviewed FSs which contain no untrue or misleading statement or omit no material fact	✓		
6 (i) (b)	To certify that the statements present a true and fair view of affairs and are in compliance with accounting standards and applicable laws	✓		
6 (ii)	To certify that no transaction is fraudulent, illegal or violation of company's code of conduct	✓		
<b>7</b>	<b>REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE:</b>			
7 (i)	Obtaining certificate regarding compliance and sending it to shareholders along with the Annual Report	✓		
7 (ii)	To state, in accordance with annexure, in directors' report whether the conditions has been complied with	✓		



**National Housing Finance  
And Investments Limited**

## Certificat on Compliance of Corporate Governance Guidelines

### S. Abdur Rashid FCS

BCom (Hons), MBS (Fin & Banking), MBA (Finance) PGD-HRM, AIPM  
Chartered Secretary in Practice  
Private Practice Certificate No.: 003  
Phone # 01726-533 655, 01193-095 297  
E-mail : sarashid12000@yahoo.com

**SARashid & Associates**  
*(Chartered Secretaries)*

Noakhali Tower (10th Floor, 11-F)  
55/B Purana Paltan, Dhaka-1000, Bangladesh  
E-mail: sarashidnasso@gmail.com

### Certificate on Compliance of Corporate Governance Guidelines

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

I have reviewed the Compliance of Conditions of the Corporate Governance Guidelines by **National Housing Finance And Investments Limited** ("the Company"). Such compliance is the responsibility of the Company as stipulated in the above mentioned notification issued by Bangladesh Securities and Exchange Commission ("BSEC").

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

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

S. Abdur Rashid FCS



Dhaka, 07 May 2014

## Report on Corporate Governance

# Auditors' Report & Financial Statements





**National Housing  
Finance  
And Investments Limited**

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED**

### **Report on Financial Statements**

We have audited the accompanying financial statements of **National Housing Finance And Investments Limited**, which comprise the statement of financial position as at 31 December 2013 and the related statement of comprehensive income, statement of changes in equity and statement of cash flows and statement of liquidity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

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

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

### **Opinion:**

In our opinion, the financial statements prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs), give a true and fair view of the state of the affairs of the company as of 31 December 2013 and of their performance and cash flows for the year then ended and comply with the Financial Institutions Act 1993, the Companies Act 1994, the Securities and Exchange Ordinance 1969, the Securities & Exchanges Rules 1987 and other rules and regulations issued by the Bangladesh Bank and other applicable laws and regulations.

### **We also report that:**

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books and proper returns adequate for the purpose of our audit have been maintained;
- (iii) the Company's statement of financial position and statement of comprehensive income together with the annexed notes 1 to 59 dealt with by the report are in agreement with the books of account and returns;
- (iv) the expenditure incurred and payments made were for the purpose of the Company's business;
- (v) the statement of financial position of the Company as at 31 December 2013 and the profit for the year then ended have been properly reflected in the Financial Statements;
- (vi) the Financial Statements have been drawn up in conformity with the Financial Institutions Act 1993 and in accordance with the accounting rules and regulations issued by Bangladesh Bank;
- (vii) adequate provisions have been made for advances and other assets which are, in our opinion, doubtful of recovery;
- (viii) the information and explanations required by us have been received and found satisfactory;
- (ix) it appeared from our test checks that the internal control system was adequate and satisfactory;
- (x) the financial statements of the Company conform to the prescribed standards set in the accounting regulations issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- (xi) We have reviewed over 80% of the risk weighted assets of the Company and we spent 1,020 man hours for the audit of books and Accounts of the Company.



SYFUL SHAMSUL ALAM & CO.  
CHARTERED ACCOUNTANTS

Date: 21st April 2014

Place: Dhaka



## **NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED**

### **Statement of Financial Position**

**As at 31 December, 2013**

	Notes	31 December, 2013 Amount in Taka	31 December, 2012 Amount in Taka
<b>PROPERTY AND ASSETS</b>			
<b>Cash:</b>	4.00		
In hand (including foreign currencies)		34,060	25,864
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		92,292,143	48,935,649
		<b>92,326,203</b>	<b>48,961,513</b>
<b>Balance with banks and other financial institutions:</b>	5.00		
In Bangladesh		1,086,059,202	694,639,508
Outside Bangladesh		-	-
		<b>1,086,059,202</b>	<b>694,639,508</b>
<b>Money at call and on short notice</b>	6.00		
<b>Investments:</b>	7.00		
Government securities		-	-
Others		20,582,396	10,056,392
		<b>20,582,396</b>	<b>10,056,392</b>
<b>Loans, advances and leases:</b>	8.00		
Loans, cash credits, overdrafts etc.		4,624,177,530	4,274,202,930
Bills purchased and discounted		-	-
		<b>4,624,177,530</b>	<b>4,274,202,930</b>
<b>Fixed assets including premises, furniture and fixtures</b>	9.00		
<b>Other assets</b>	10.00		
<b>Non-financial institution assets</b>	11.00		
<b>TOTAL ASSETS</b>		<b>6,266,516,243</b>	<b>5,466,814,606</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities:</b>			
Borrowing from banks, other financial institutions and agents	12.00	1,007,384,738	1,193,263,888
<b>Deposits and other accounts:</b>	13.00		
Current deposits and other accounts etc.		2,302,304,922	1,992,009,299
Bills payable		-	-
Savings bank deposits		-	-
Fixed deposits		950,000,000	700,000,000
Bearer certificate of deposits		-	-
Other deposits		36,361,782	47,705,856
		<b>3,288,666,704</b>	<b>2,739,715,155</b>
<b>Other liabilities</b>	14.00	544,387,469	618,430,287
<b>Total Liabilities</b>		4,840,438,910	4,551,409,330
<b>Capital/Shareholders' equity:</b>			
Paid up capital	15.00	1,063,920,000	686,400,000
Statutory reserve	16.00	223,489,587	189,995,175
Retained earnings	17.00	138,667,746	39,010,101
<b>Total Shareholders' equity</b>		<b>1,426,077,332</b>	<b>915,405,276</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>6,266,516,243</b>	<b>5,466,814,606</b>

Notes

**OFF BALANCE SHEET ITEMS**

**Contingent Liabilities:**

Acceptances and endorsements  
Letters of Guarantee  
Irrevocable letters of credit  
Bills for collection  
Tax liability  
Other contingent liabilities

	December 31, 2013 Amount in Taka	December 31, 2012 Amount in Taka
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
<b>TOTAL OFF BALANCE SHEET ITEMS INCLUDING CONTINGENT LIABILITIES</b>	<b>-</b>	<b>-</b>

**Other Commitments:**

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

**TOTAL OFF BALANCE SHEET ITEMS INCLUDING CONTINGENT LIABILITIES**

The accompanying notes form an integral part of these financial statements and are to be read in conjunction therewith.

  
Md. Abdur Rob  
Managing Director

  
Md. Kabir Reza  
Director

  
Syed Tanverer Hussain  
Independent Director

  
Latifur Rahman  
Chairman

Signed in terms of our separate report of even date annexed.

Dhaka, 21st April 2014

  
Syful Shamsul Alam & Co.  
Chartered Accountants











## **NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED**

### **Notes to the Financial Statements For the year ended December 31, 2013**

#### **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 registered office of the Company is located at, National Plaza (7th & 8th 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 Basis of Preparation of the Financial Statements**

The financial statements of the Company have been prepared in compliance with the Section-38 (First Schedule) of the Bank Companies Act 1991 and the subsequent amendment thereof, DFIM Circular no-11 dated 23 December 2009, Bangladesh Accounting Standard (BASs), Bangladesh Financial Reporting Standards (BFRSs), 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 State of Going Concern**

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

#### **2.04 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.

#### **2.05 Use of Estimates and Judgments**

The preparation of Financial Statements requires management to make judgments, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and recognized in the period in which the estimates are reviewed.

#### **2.06 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
- 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

#### **2.07 Reporting Period**

These financial statements have been prepared for the period from January 01, 2013 to December 31, 2013.

#### **2.08 Cash Flow Statement**

Cash Flow Statement has been prepared under direct method in accordance with BAS-07.

### **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 Fixed Assets**

Fixed assets are capitalized at cost plus expenses incurred on installation, registration, etc.

**3.05 Revenue Recognition**

**3.05.01 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 BAS 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.

### **3.05.02 Investment Income**

Income on investment is recognized on accrual basis.

### **3.05.03 Fees and Commission Income**

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

### **3.05.04 Interest Paid and Other Expenses**

Interest paid and other expenses are recognized on accrual basis.

### **3.05.05 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.

### **3.05.06 Depreciation on Fixed Assets**

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. Details calculation of depreciation on Freehold Fixed Assets are shown in note: 9.00 of this report.

## **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, 2009 and consistent with the past practice.



### **3.07.02 Deferred Tax**

Deferred Tax has been accounted for as per Bangladesh Accounting Standard (BAS)-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.

<b>Provision for Deferred Tax</b>	<b>31 December, 2013 Amount in Taka</b>	<b>31 December, 2012 Amount in Taka</b>
Balance as on 1st January	367,567	367,567
Less: provision for deferred tax written back	(298,540)	-
	<b>69,027</b>	<b>367,567</b>

### **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 31 December, 2013. 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 2013 has been stated as post balance sheet events in note 53.00.

### **3.10 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 Income Tax Ordinance 1984;
- i) The VAT Act 1991;
- j) The 1st Schedule (under section 38) of Banking Companies Act 1991 for preparation of Financial Statements.

### 3.11 Compliance of Bangladesh Accounting Standard (BAS) & Bangladesh Financial Reporting Standard (BFRS)

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

BAS/BFRS	Reference	Status of Compliance
Presentation of Financial Statements	BAS-01	Applied
Inventories	BAS-02	Not Applicable
Cash Flow Statements	BAS-07	Applied
Accounting Policies, Changes in Accounting Estimates & Errors	BAS-08	Applied
Events after the Reporting Period	BAS-10	Applied
Construction Contract	BAS-11	Not Applicable
Income Taxes	BAS-12	Applied
Property, Plant & Equipment	BAS-16	Applied
Leases	BAS-17	Applied
Revenue	BAS-18	Applied
Employee Benefits	BAS-19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	BAS-20	Not Applicable
The Effect of Changes in Foreign Exchange Rates	BAS-21	Not Applicable
Borrowing Costs	BAS-23	Applied
Related Party Disclosure	BAS-24	Applied
Accounting and Reporting by Retirement Benefit Plans	BAS-26	Not Applicable
Consolidated and Separate Financial Statements	BAS-27	Not Applicable
Investments in Associates	BAS-28	Not Applicable
Financial Instruments: Presentation	BAS-32	Applicable
Earnings Per Share	BAS-33	Applied
Interim Financial Reporting	BAS-34	Applied
Impairment of Assets	BAS-36	Applied
Provisions, Contingent Liabilities and Contingent Assets	BAS-37	Applied
Intangible Assets	BAS-38	Applied
Financial Instruments: Recognition and Measurement	BAS-39	Applicable
Investment Property	BAS-40	Not Applicable
Agriculture	BAS-41	Not Applicable
First Time adoption of IFRS	BFRS-1	Not Applicable
Share Based Payment	BFRS-2	Not Applicable
Business Combination	BFRS-3	Not Applicable
Insurance Contracts	BFRS-4	Not Applicable
Non-current Assets held for Sale and Discontinued Operations	BFRS-5	Not Applicable
Explanation for and Evaluation of Mineral Resources	BFRS-6	Not Applicable
Financial Instruments: Disclosures	BFRS-7	Applicable
Operating Segments	BFRS-8	Applied
Joint Arrangements	BFRS-11	Not Applicable
Disclosure of Interests in Other Entities Financial	BFRS-12	Not Applicable
Fair Value Measurement	BFRS-13	Applicable



2013 Amount in Taka	2012 Amount in Taka
184,466	7,696
1,442,863	51,048
106,268	102,161
43,416	7,111
4,879	4,879
20,800	20,800
4,774	4,774
<b>1,807,466</b>	<b>198,468</b>
123,467	48,090
15,952	16,517
4,786,744	3,124,583
-	50,000,000
3,755	4,330
10,202,208	5,973,360
5,564	6,551
9,903,605	7,562,434
40,781,991	148,034
-	30,000,000
2,012,306	115,756
1,919,079	1,692,073
-	20,000,000
151,717	960,431
1,915	1,915
7,924,119	7,636,588
1,412,887	316,567
5,050	5,990
3,806,971	3,186,691
332,948	1,858,541
861,459	1,782,592
<b>84,251,737</b>	<b>134,441,039</b>
-	50,000,000
-	50,000,000
50,000,000	-
600,000,000	330,000,000
200,000,000	50,000,000
50,000,000	-
100,000,000	80,000,000
<b>1,000,000,000</b>	<b>560,000,000</b>

#### 5.01.01 On Current Accounts

AB Bank Ltd.  
EXIM Bank Ltd.  
National Bank Ltd.  
One Bank Ltd.  
Standard Bank Ltd.  
Trust Bank Ltd.  
The City Bank Ltd.

#### 5.01.02 On Short Term Deposit (STD) Accounts

Islami Bank Bangladesh Ltd.  
AB Bank Ltd.  
Bank Asia Ltd.  
International Leasing and Financial Services Ltd.  
Dhaka Bank Ltd.  
Eastern Bank Ltd.  
Exim Bank Ltd.  
Jamuna Bank Ltd.  
National Bank Ltd.  
Peoples Leasing and Financial Services Ltd.  
Premier Bank Ltd.  
Pubali Bank Ltd.  
Reliance Finance Ltd.  
Shahjalal Islami Bank Ltd.  
Sonali Bank Ltd.  
Southeast Bank Ltd.  
Trust Bank Ltd.  
United Commercial Bank Ltd.  
Alfaloh Islami Bank Limited  
H.S.B.C Bank Ltd.  
Mercantile Bank Ltd.

#### 5.01.03 On Fixed Deposit Account

Bangladesh Industrial Finance Company Limited  
International Leasing and Financial Services Ltd.  
NRB Commercial Bank Ltd.  
Jamuna Bank Ltd.  
Peoples Leasing and Financial Services Limited (PLFSL)  
First Lease Finance  
Reliance Finance Ltd.











#### 9.00 FIXED ASSETS INCLUDING PREMISES, FURNITURE AND FIXTURES

*Figures in Taka*

Particulars	Cost				Rate	Depreciation				Written down value as on 31.12.13	Written down value as on 31.12.12
	Balance as on 01.01.13	Disposed during the year	Addition during the year	Balance as on 31.12.13		Balance as on 01.01.13	Adjustments for disposal	Charged during the year	Balance as on 31.12.13		
Land & building	41,565,093	-	-	41,565,093	10%	19,344,899	-	1,994,412	21,339,311	20,225,782	22,220,194
Furniture	10,389,750	55,000	62,020	10,396,770	10%	3,648,498	42,713	679,097	4,284,882	6,111,888	6,741,252
Office equipment	10,594,615	916,237	642,332	10,320,710	20%	7,149,146	864,889	807,289	7,091,546	3,229,164	3,445,469
Motor vehicle	7,511,000	896,000	2,943,600	9,558,600	20%	3,937,185	765,719	1,277,431	4,448,897	5,109,703	3,573,815
<b>Total:</b>	<b>70,060,458</b>	<b>1,867,237</b>	<b>3,647,952</b>	<b>71,841,173</b>		<b>34,079,728</b>	<b>1,673,321</b>	<b>4,758,229</b>	<b>37,164,636</b>	<b>34,676,537</b>	<b>35,980,730</b>



#### 10.00 OTHER ASSETS

##### Income Generating Other Assets:

Interest on mortgage loan (note: 10.01)

##### Non-income Generating Other Assets:

Advance against fixed assets  
Security deposits  
Advance income tax (note: 10.02)  
Advance against branch office  
Advance against office rent  
Prepayment charge receivable  
Other receivables (note: 10.03)

#### 10.01 Interest on Mortgage Loan

Home mortgage loan  
Project mortgage loan  
Commercial mortgage loan

#### 10.02 Advance Income Tax

Balance as at 1st January

**Add:** Advance tax for the year:

Tax paid during the year  
Tax deducted at source

**Less:** Adjusted against provision for the year 2010

**Balance as at 31st December**

#### 10.03 Other Receivables

Delayed interest  
Cheque dishonored charges  
IDCP receivable  
Accounts receivable  
Interest on bank deposits  
Receivable from Multi Securities  
Receivable from ETBL Securities  
Receivable from UFT Co. Ltd  
Stamp & Security Paper  
Legal charges receivable  
Others

2013 Amount in Taka	2012 Amount in Taka
175,123,668	142,486,957
-	-
<b>175,123,668</b>	<b>142,486,957</b>
579,000	500,000
754,460	754,460
113,654,837	163,608,842
7,061	5,966
684,000	1,530,000
-	17,567
117,891,348	94,069,741
<b>233,570,707</b>	<b>260,486,576</b>
<b>408,694,375</b>	<b>402,973,533</b>
147,063,099	130,110,920
18,623,663	2,841,967
9,436,906	9,534,070
<b>175,123,668</b>	<b>142,486,957</b>
<b>163,608,842</b>	<b>191,337,208</b>
30,354,658	46,806,476
10,272,176	4,748,784
(90,580,839)	(79,283,626)
<b>(49,954,004)</b>	<b>(27,728,366)</b>
<b>113,654,837</b>	<b>163,608,842</b>
66,019,738	59,667,948
1,336,042	1,577,073
45,282	112,001
13,432,242	16,324,001
29,236,185	11,525,349
9,070	9,570
9,283	30,915
319,968	91,840
149,778	90,550
6,869,383	4,018,052
464,378	622,443
<b>117,891,348</b>	<b>94,069,741</b>

#### 11.00 NON-FINANCIAL INSTITUTION ASSETS

No non-financial institution asset is under the possession of the Company which acquired as claim as at December 31, 2013.





### 13.00 DEPOSITS AND OTHER ACCOUNTS

Customer deposits other than Banks & FI's  
Fixed deposits-Banks & FI's  
Other deposits (note: 13.02)

2013 Amount in Taka	2012 Amount in Taka
2,302,304,922	1,992,009,299
950,000,000	700,000,000
36,361,782	47,705,856
<b>3,288,666,704</b>	<b>2,739,715,155</b>
Payable on demand	-
Within 1(one) month	200,000,000
Over 1(one) month to 6(six) months	1,633,689,382
Over 6(six) months to 1(one) year	772,151,810
Over 1(one) year to 5(five) years	682,825,512
Over 5(five) years to 10(ten) years	-
More than 10(ten) years	-
<b>3,288,666,704</b>	<b>2,739,715,155</b>

#### 13.01 Remaining Maturity Grouping of Deposits and Other Accounts

Payable on demand  
Within 1(one) month  
Over 1(one) month to 6(six) months  
Over 6(six) months to 1(one) year  
Over 1(one) year to 5(five) years  
Over 5(five) years to 10(ten) years  
More than 10(ten) years

#### 13.02 Other Deposits

EMI deposit  
Home mortgage loan deposit  
Margin deposit  
Sundry Customer deposit  
Refundable share money deposit  
Lease deposit

### 14.00 OTHER LIABILITIES

Provision for loans, advances and leases (note: 14.01 & 14.02)  
Interest suspense (note: 14.03)  
Provision for gratuity (note: 14.04)  
Withholding tax payable  
VAT payable  
Provision for current tax (note: 14.05)  
Provision for deferred tax (note: 14.06)  
Interest payable  
Accrued expenses (note: 14.09)  
Unclaimed dividend  
Provision for Loss on Assets  
Sundry deposit  
Sundry liabilities

















	2013 Amount in Taka	2012 Amount in Taka
<b>Opening balance:</b>		
Loan against fixed deposits	15,303,750	17,961,085
Advance against fixed assets	500,000	1,900,000
Security deposits	754,460	352,320
Advance income tax	163,608,842	191,337,208
Advance against branch office	5,966	2,783
Advance against office rent	1,530,000	2,430,000
Advance against legal and professional fees	17,567	-
Other receivables	22,673,894	14,641,885
	<b>204,394,478</b>	<b>228,625,281</b>
	<b>(52,763,418)</b>	<b>(24,230,803)</b>
<b>41.00 INCREASE/(DECREASE) OF DEPOSITS FROM BANKS</b>		
<b>Closing balance:</b>		
Fixed deposits	950,000,000	700,000,000
Term deposits	-	-
	<b>950,000,000</b>	<b>700,000,000</b>
<b>Opening balance:</b>		
Fixed deposits	700,000,000	750,000,000
Term deposits	-	-
	<b>700,000,000</b>	<b>750,000,000</b>
	<b>250,000,000</b>	<b>(50,000,000)</b>
<b>42.00 INCREASE/(DECREASE) OF OTHER DEPOSITS</b>		
<b>Closing balance:</b>		
Customer deposits	2,302,304,922	1,992,009,299
Other deposits	36,361,782	47,705,856
	<b>2,338,666,704</b>	<b>2,039,715,155</b>
<b>Opening balance:</b>		
Customer deposits	1,992,009,299	1,397,597,624
Other deposits	47,705,856	39,815,664
	<b>2,039,715,155</b>	<b>1,437,413,288</b>
	<b>298,951,549</b>	<b>602,301,867</b>
<b>43.00 INCREASE/(DECREASE) OF OTHER LIABILITIES</b>		
<b>Closing balance:</b>		
Provision for gratuity	1,846,405	1,626,085
Withholding tax payable	10,770	2,477,734
VAT payable	1,555,897	1,117,926
Unclaimed dividend	1,892,341	1,903,928
Sundry deposit	122,869	13,483
Sundry liabilities	10,586,745	9,934,940
	<b>16,015,026</b>	<b>17,074,096</b>
<b>Opening balance:</b>		
Provision for gratuity	1,626,085	1,600,020
Withholding tax payable	2,477,734	4,554,872
VAT payable	1,117,926	912,057
Unclaimed dividend	1,903,928	3,838,721
Sundry deposit	13,483	959,438
Sundry liabilities	9,934,940	9,934,940
	<b>17,074,096</b>	<b>21,800,049</b>
	<b>(1,059,070)</b>	<b>(4,725,953)</b>



	2013 Amount in Taka	2012 Amount in Taka
<b>44.00 SANCTION AND DISBURSEMENT</b>		
Sanction	1,537,100,000	1,069,200,000
Disbursement	1,392,221,939	922,096,274

**45.00 RELATED PARTY DISCLOSURE : DISCLOSURE UNDER BAS-24 "RELATED PARTY DISCLOSURE"**

During the year under review, the Company carried out a number of transactions with related parties in the normal course of business. The name of related parties, the nature of transactions and their total value have been set out below:

Name of the related parties	Nature of transaction	Receivable as on 31.12.2013
Mr. Syed Zaki Haider Rizvi	Home Mortgage Loan	169,291

**Nature of relationship:** Director related

**46.00 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 are as under:

SL No	Name	Status with the Company	Status with the Committee	Educational Qualification
01	Professor Imran Rahman	Independent Director	Chairman	MBA (IBA), BSC (Eco.) in Math. Economics
02	Mr. Md. Kabir Reza	Director	Member	M.Com (Acc.), FCMA
03	Mr. Azmal Hossain	Director	Member	B.Com
04	Mr. Md. Akhtar Ahmed	Director	Member	B.A (Hons), M.A.(DU), ACII (UK)
05	Mr. Syed Tanveer Hussain	Director	Member	M.A. In Development Economics (USA)

During the year the committee meet 4(four) times in which among others, the following issues were discussed:

- 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.

#### **47.00 EXTERNAL AUDITOR'S COVERAGE**

The external auditor of the Company worked about 1,020 man hour and they reviewed more than 80% of Company's Risk Weighted Assets on the Balance Sheet date.

#### **48.00 HIGHLIGHTS OF OVERALL ACTIVITIES**

Highlights of the overall activities of the Company as at and for the year ended 31 December, 2013 are furnished below:

SL #	Details	2013	2012
01	Paid-up Capital	1,063,920,000	686,400,000
02	Total Capital	1,426,077,332	915,405,276
03	Capital surplus/(deficit)	426,077,332	(84,594,724)
04	Total assets	6,266,516,243	5,466,814,606
05	Total deposits	3,288,666,704	2,739,715,155
06	Total loans, advances and leases	4,624,177,530	4,274,202,930
07	Total contingent liabilities and commitments	-	-
08	Credit deposit ratio	140.61%	156.01%
09	% of Classified loans against total loans and advances	5.19%	10.10%
10	Profit after tax and provisions	167,472,057	41,437,902
11	Amount of classified loans during the year	240,171,789	431,838,481
12	Provisions kept against classified loans	55,690,465	116,663,698
13	Provisions surplus/(deficit)	-	-
14	Cost of fund	12.84%	14.53%
15	Interest earnings assets	5,998,269,000	5,170,347,300
16	Non-interest earnings assets	268,247,244	296,467,306
17	Return on investments (ROI)	8.20%	6.55%
18	Return on assets (ROA)	2.85%	0.79%
19	Income from investments	554,932	(1,125,451)
20	Weighted average earnings per share	1.57	0.60
21	Net income per share	1.57	0.72
22	Price earning ratio	20.84	62.12
23	Return on equity (ROE)	14.30%	4.63%
24	Net asset value per share (NAV)	13.40	13.34



#### **49.00 COMPARATIVE 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.

#### **50.00 GEOGRAPHICAL AREA OF OPERATION**

Company's geographical area of operation was in Dhaka, Chittagong and Bogra in the year 2013

#### **51.00 CAPITAL EXPENDITURE COMMITMENT**

There was neither any outstanding contractor nor any Board authorization for capital expenditure as at December 31, 2013.

#### **52.00 CONTINGENT LIABILITIES**

There were no contingent liabilities at the balance sheet date.

#### **53.00 SYBSEQYEBT EVEBTS-DUSCKISYRES YBDER BAS 10; "EVENTS AFTER THE BALANCE SHEET DATE"**

No material event has been occurred after the Balance Sheet date, which could materially affect the value of the financial statements except the Board of Directors in its 149<sup>th</sup> Meeting held on 21<sup>st</sup> April 2014 has recommended 12.50% cash dividend subject to the approval of the shareholders at the 15<sup>th</sup> Annual General Meeting.

#### **54.00 CLAIMS AGAINST THE COMPANY NOT ACKNOWLEDGED AS DEBT**

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

#### **55.00 CREDIT FACILITY NOT AVAILED**

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

#### **56.00 CLOSING PRICE OF SHARE**

The Company traded its ordinary shares in CDBL through DSE & CSE on 1st January 2009. The closing market price on the closing of the year was Tk. 32.80 and Tk. 32.90 respectively in the DSE & CSE.

#### **57.00 The Company had no receivable from the directors no 31.12.2013.**

#### **58.00 Decimal discrepancies adjusted as and where required.**

Md. Abdur Rob  
Managing Director

Md. Kabir Reza  
Director

Syed Tanverer Hussain  
Independent Director

Latifur Rahman  
Chairman

## 59.00 Financial risk management

International Financial Reporting Standard IFRS 7 - Financial Instruments: Disclosures - requires disclosure of information relating to: both recognized and unrecognized financial instruments, their significance and performance, accounting policies, terms and conditions, net fair values and risk information- the company's policies for controlling risks and exposures.

The management has overall responsibility for the establishment and oversight of the company's risk management framework. The company's risk management policies are established to identify and analyze the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the company's activities. This note presents information about the company's exposure to each of the following risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital. The company has exposure to the following risks from its use of financial instruments.

- a) Credit risk
- b) Liquidity risk
- c) Market risk

### 59.01 Credit risk

Credit risk is the risk of a financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from distributors, institutional and export customers etc.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

In monitoring credit risk, debtors are grouped according to their risk profile, i.e. their legal status, financial condition, ageing profile etc. Accounts receivable are related to sale of steels (MS Rod and allied products).

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

#### a) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

2013 Amount in Taka	2012 Amount in Taka
Trade receivable-Local customer	142,486,957
Other Receivables	94,069,741
Loans, advances and leases	4,274,202,930
Bank balances	743,575,157
<b>6,095,543,892</b>	<b>5,254,334,785</b>
Dues within 3 months	353,914,887
Dues over 3 months but less than 6 months	624,243,031
Dues over 6 months	3,801,742,211
<b>6,009,404,145</b>	<b>4,779,900,129</b>

#### b) Ageing of receivables

- Dues within 3 months
- Dues over 3 months but less than 6 months
- Dues over 6 months



**c) Credit exposure by credit rating**

Trade receivable  
Other receivables  
Advance, deposit and prepayments  
Cash and bank balances

Credit rating	As on 31 December 2013 Amount in Taka	(%)
NR	175,123,668	2.87%
NR	117,891,348	1.93%
NR	4,624,177,530	75.86%
Cash in hand	34,060	0.00%
Cash at bank	1,178,351,345	
Agrani Bank Limited	AAA -	0.00%
AB Bank Limited	AA3 200,418	0.00%
Al - Arafah Islami Bank Limited	AA3 -	0.00%
Bank Asia Limited	AA3 4,786,744	0.08%
Bangladesh Bank	- 92,292,143	7.83%
BRAC Bank Limited	AA3 -	0.00%
Bank Alfalah Limited	AA 3,806,971	0.06%
Basic Bank Limited	A2 -	0.00%
Commercial Bank of Ceylon	AAA -	0.00%
Dhaka Bank Limited	A1 3,755	0.00%
Dutch Bangla Bank Limited	AA1 -	0.00%
Eastern Bank Limited	AA 10,202,208	0.17%
Exim Bank Limited	- 1,448,427	0.12%
First Lease Finance Limited	- 50,000,000	4.24%
Habib Bank Limited	AA- -	0.00%
HSBC Bank	AAA 332,948	0.01%
IFIC Bank Limited	AA2 -	0.00%
Islami Bank Bangladesh Limited	AA+ 123,467	0.00%
International Leasing	AA2 -	0.00%
Jumana Bank Limited	A1 609,903,605	10.01%
Mercantile Bank Limited	AA 861,459	0.01%
National Bank Limited	AA- 40,888,259	0.67%
NRB Commercial Bank Limited	- 50,000,000	4.24%
National Credit and Commerce Bank Limited	AA3 -	0.00%
One Bank Limited	A+ 43,416	0.00%
Peoples Leasing and Financial Services Limited (PLFSL)	- 200,000,000	16.97%
Primier Bank	A- -	0.00%
Prime Bank Limited	AA+ 2,012,306	0.03%
Pubali Bank Limited	AA3 1,919,079	0.03%
Reliance Finance Limited	- 100,000,000	8.49%
Standard Bank Limited	- 4,879	0.00%
Shajalal Islami Bank Limited	AA 151,717	0.00%
Social Islami Bank Limited	AA- -	0.00%
Sonali Bank Limited	AAA 1,915	0.00%
Southeast Bank Limited	AA- 7,924,119	0.13%
Standard Chartered Bank	AAA -	0.00%
State Bank of India	AA3 -	0.00%
The City Bank Limited	AA3 4,774	0.00%
The Trust Bank Limited	AA- 1,433,687	0.02%
United Commercial Bank Limited	A+ 5,050	0.00%
Uttara Bank Limited	AA3 -	0.00%

### 59.02 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity (cash and cash equivalents) is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. Typically, the company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, based on time line of payment of financial obligations and accordingly arrange for sufficient liquidity/fund to make the expected payments within due dates. Moreover, the company seeks to maintain short term lines of credit with scheduled commercial banks to ensure payment of obligation in the event that there is insufficient cash to make the required payment. The requirement is determined in advance through cash flow projections and credit lines with banks are negotiated accordingly.

The following are the contractual maturities of financial liabilities:

Category of Liabilities	Carrying amount As on 31.12.2013 Taka	Maturity period (estimated)	Nominal Interest rate	Contractual cash flows Taka	Within 6 months or less	Within 6-12 months
					Taka	Taka
Expenses and other liabilities	96,488,262	Mar-14	11.50%~11.75%	96,488,262	200,000,000	-
Short term bank loan	166,081,487	Jun-14	14.50%~17%	166,081,487	-	-
Current portion of long term loan	744,814,988	Dec-14	10.00%~15.00%	744,814,988	1,633,689,382	1,454,977,322
Contribution to WPPF & WF	1,690,086	Mar-14	N/A	1,690,086	-	

### 59.03 Market risk

Market risk is the risk that any change in market prices, such as foreign exchange rates and interest rates will affect the company's income or the value of its holdings of financial instruments

#### a) Currency risk

As the company does not have any foreign currency asset or liability as on 31.12.2013. The company is not exposed to currency risk.

#### b) Interest rate risk

Interest rate risk is the risk that arises due to changes in interest rates on borrowings. Short term bank borrowings are, however, not significantly affected by fluctuations in interest rates. The group has not entered into any type of derivative instrument in order to hedge interest rate risk as at the reporting date.

##### (i) Profile

As at 31 December, the interest rate risk profile of the group's interest bearing financial instruments was:

Type of instruments	Carrying amount (BDT)	
	2013	2012
Fixed rate instrument		
	Financial asset	1,000,000,000
Variable rate instrument	Financial liability	950,000,000
	Financial asset	4,710,236,733
	Financial liability	3,346,051,441
		4,408,842,438
		3,232,979,043

##### (ii) Cash flow sensitivity analysis for variable rate instruments

There being no variable rate instruments, sensitivity analysis has not presented.



**Accounting classification and fair value**

Fair value of financial assets and liabilities together with carrying amount shown in the statement of financial position are as follows:

	<b>Carrying amount (Taka)</b>	<b>Fair value (Taka)</b>
<b>Assets carried at fair value through profit and loss</b>	Nil	Nil
<b>Held to maturity assets</b>		
FDR with banks	1,000,000,000	1,000,000,000
<b>Receivables and other assets</b>		
Accounts and other receivable	117,891,348	117,891,348
Security deposit	754,460	754,460
Current account with associate	Nil	Nil
Cash and bank balances	1,178,385,405	1,178,385,405
<b>Available for sale financial assets</b>	Nil	Nil
<b>Liabilities carried at fair value through profit and loss</b>	Nil	Nil
<b>Liabilities carried at amortized cost</b>		
Accounts and other payables	544,387,469	544,387,469
Short term bank borrowing	1,007,384,738	*N/A
Current portion of long term borrowing	950,000,000	*N/A
Contribution to WPPF & WF	1,690,086	*N/A

\* Determination of fair value is not required as per the requirements of BFRS 7 : Financial Instruments: Disclosures (ref: Para 29). However, fair value of such instruments is not likely to be significantly different from the carrying amounts of such instruments.

Md. Abdur Rob  
Managing Director

Md. Kabir Reza  
Director

Syed Tanverer Hussain  
Independent Director

Latifur Rahman  
Chairman



National Housing  
Finance  
And Investments Limited

## 14th Annual General Meeting is in Progress



National Housing Finance  
And Investments Limited



**MOU signed  
with the developers**



**REHAB Fair-2014**



**Women Entrepreneurship  
SME Fair-2014  
arranged by Bangladesh Bank**



**National Housing  
Finance  
And Investments Limited**

## Celebration of New Year-2014 in Corporate Head Office, National Housing.



**Corporate Office**

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Website : [www.nationalhousingbd.com](http://www.nationalhousingbd.com)  
E-mail : [info@nationalhousingbd.com](mailto:info@nationalhousingbd.com)

**Motijheel Branch**

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**Gulshan Branch**

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**Chittagong Branch**

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Cell : 01714 049478  
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**Rangpur Branch**

(Proposed)  
Cell : 01712 840808



**National Housing Finance And Investments Limited**