

**Auditors' Report & Financial Statements
Of
National Housing Finance and Investment Limited
For the year ended December 31, 2019**

Independent Auditor's Report

To the Shareholders of National Housing Finance and Investments Limited

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Emphasis of Matters

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

1. As disclosed in **note # 5.01.02** to the financial statements, the company has shown short term deposit with International Leasing & Finance Services Ltd. amounting to BDT 152,085,000. Bangladesh Bank vide letter no- DFIM(C)1054/43/2020-1065 dated 14th July, 2020, advised to maintain provision against this deposit at the rate of 20% effective from 2020. No provision has been made against this deposit during the year 2019.
2. As disclosed in **note # 42.01** to the financial statements, the Cash flow from operating activities for the financial year ended 31 December 2019 represents a deficit of TK. 3,515,978,097 due to more disbursement of deposits being made than the cash inflow from operating activities.

3. As disclosed in **note # 24.03.01** to the financial statements, initial application of IFRS-16 Leases which came into effect from 1st January 2019 was not complied by the company. The company decided that they will comply IFRS-16 from the following year. IFRS-16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets.

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

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

Key Audit Matters

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

Head	Risk	Our response to the risk
Loans & Advances	<p><u>Classification</u></p> <p>The classification of loans & advances are determined by specific Bangladesh Bank's circulars which have wide ranging effect on the financial position and performance of the FI, namely through provisioning requirements.</p> <p>Furthermore the calculation of RWA (Risk Weighted Assets) is, to some extent, dependent on the classification of loans and advances which ultimately impact the CAR (Capital Adequacy Ratio) – a significant indicator of FI's health under the BASEL – II regime.</p> <p>Furthermore the recognition and measurement of these Loans & Advances are dictated by Bangladesh Bank's circulars namely FID circular No. 08 dated 03 August 2002 , FID</p>	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> the credit appraisal, loan disbursement procedures, monitoring and provisioning process; Identification of loss events, including early warning and default warning indicators; Reviewed quarterly Financial Institution Classification of Loans (CL); <p>Furthermore we have assessed on test basis the loan application receipt, assessment, documentation and authorization process against Company's policy and Bangladesh Bank's requirements. Legal expert's views regarding securitization of the loans has also been considered.</p>

	<p>Circular No. 03 dated 03 May 2006, FID Circular No. 05 dated 18 July 2006, FID Circular No. 06 dated 20 August 2006, FID Circular No. 02 dated 05 May 2007 and DFIM Circular No. 04 dated 28 June 2007 respectively which limits the fair implementation of respective IFRSs.</p> <p>The Company's disclosures about classification of loans & advances are included in note 8.07, 8.08 & 8.11 to the financial statements.</p>	<p>As part of our process we have reviewed the loan files, bank statements, and its provisioning requirements.</p> <p>Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p>
	<p><u>Provisioning & write off:</u></p> <p>The process for estimating the provision for loans and advances portfolio associated with credit risk is significant and complex.</p> <p>For the individual analysis, these provisions consider the estimates of future business performance and the market value of collateral provided for credit transactions.</p> <p>For the collective analysis, these provisions are manually processed that deals with voluminous databases, assumptions and calculations for the provision estimates of complex design and implementation.</p> <p>At year end the Company reported total gross loans and advances of Tk. 13,494,876,567 (2018: Tk. 12,363,967,591) and provision for loans and advances of Tk. 211,700,909 including general provision Tk. 124,624,763 & specific provision Tk. 87,076,146 (2018: Tk. 195,286,751).</p> <p>Provision measurement is primarily dependent upon key assumptions relating to probability of default, ability to repossess collateral and recovery rates.</p> <p>Classified Loans & Advances are written off from the financial statements in accordance with specific Bangladesh Bank's circulars.</p> <p>Writing off of loans & advances has drastic</p>	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> • Tested the credit appraisal, loan disbursement procedures, monitoring and provisioning process; • Identification of loss events, including early warning and default warning indicators; • Reviewed quarterly Classification of Loans (CL); <p>Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:</p> <ul style="list-style-type: none"> • Reviewed the adequacy of the companies general and specific provisions; • Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information; <p>Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p>

	<p>impact on the NPL (Non-Performing Loan). Additionally, the write-off of loans and advances are undertaken in line with Bangladesh Bank's circulars which overrides the requirements of IFRSs.</p> <p>We have focused on the following significant judgments and estimates which could give rise to material misstatement or management bias:</p> <ul style="list-style-type: none"> • Completeness and timing of recognition of loss events (provisioning requirements) in accordance with criteria set out in FID circular no-3; • For individually assessed provisions, the measurement of the provision may be dependent on the valuation of collateral, estimates of exit values and the timing of cash flows; • Complete identification and timing of loans write-offs including final provisioning adjustment and recognition of qualifying mortgaged assets under non-banking assets. <p>The Company's disclosures about provisioning and write-off of Loans & Advances are included in note. 14.01, 14.02 & 31 and 8.11 respectively.</p>	
IT systems and controls	<p>Our audit procedures have a focus on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and IT dependent manual controls.</p> <p>The Company's disclosures relating to its IT systems and controls are included in note 3.13 of the financial statements.</p>	<p>Our firm's own IT Specialist tested the design and operating effectiveness of the Company's IT access controls over the information systems that are critical to financial reporting. We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized. We tested the Company's periodic review of access rights. We inspected requests of changes to systems for appropriate approval and authorization. We considered the control environment relating to various interfaces, configuration and other</p>

		<p>application layer controls identified as key to our audit.</p> <p>Where deficiencies were identified, we tested compensating controls or performed alternate procedures. In addition, we understood where relevant, changes were made to the IT landscape during the audit period and tested those changes that had a significant impact on financial reporting.</p>
Legal & Regulatory Matters	<p>We focused on this area because the Company operates in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict.</p> <p>Significant Legal & Regulatory matters pertaining to the Company were:</p> <ul style="list-style-type: none"> • Compliance of rules & regulations, including submission of returns to various regulators; and • Litigation (cases) filed on behalf of or against the Company including any provisioning requirements. <p>These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions which have been established and other contingent liabilities.</p> <p>Overall, the legal provision represents the Company's best estimate for existing legal matters that have a probable and estimable impact on the Company's financial position. The Company's disclosures relating to its legal & regulatory compliance are included in note 3.11 & 2.12 of the financial statements.</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over the legal provision and contingency process.</p> <p>We enquired to those charged with governance to obtain their view on the status of all significant litigation and regulatory matters.</p> <p>We enquired of the Company's internal legal counsel for all significant litigation and regulatory matters and inspected internal notes and reports.</p> <p>We assessed the methodologies on which the provision amounts are based, recalculated the provisions, and tested the completeness and accuracy of the underlying information.</p>

Tax	<p><u>Current Tax:</u></p> <p>The Company reported net current tax liability of Tk. 408,316,477 as at 31 December 2019 (2018: Tk. 420,337,010) and current year tax provision of Tk. 150,636,500 (For 2018: Tk. 170,988,049).</p> <p>Current tax was considered significant to our audit due to the pending tax assessments for AY 2012-13, 2013-14 and 2014-15 as the amount of tax liable to the Company is not yet finalized by the tax authorities.</p> <p>The Company's disclosures relating to current tax are included in note 3.07.01, 14.07, 14.07.01 & 14.08 to the financial statements.</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over the recognition and measurement of current tax and the assumptions used in estimating the Company's tax liability for the current year.</p> <p>Furthermore, we reviewed the correspondences, assessment orders and appeal documents to evaluate the basis of the provisions maintained in the financial statements.</p>
	<p><u>Deferred Tax:</u></p> <p>The Company reported net deferred tax Liabilities to totaling Tk. 13,508,087 as at 31 December 2019.</p> <p>Significant judgment is required in relation to deferred tax assets/liabilities as their recoverability is dependent on forecasts of future profitability over a number of years.</p> <p>The Company's disclosures relating to deferred tax are included in note- 3.07.02 14.09 & 14.09.01 to the financial statements.</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over the recognition and measurement of DTAs and the assumptions used in estimating the Company's future taxable income.</p> <p>We also assessed the completeness and accuracy of the data used for the estimations of future taxable income.</p> <p>We involved tax specialists to assess key assumptions, controls, recognition and measurement of DTA's.</p> <p>Finally assessed the appropriateness and presentation of disclosures against IAS 12 Income Tax.</p>

Materiality

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

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

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

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

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

Other Matter

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

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

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on other Legal and Regulatory Requirements

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

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

- (xvi) the Company has complied with relevant instructions which were issued by Bangladesh Bank relevant to classification, provisioning and calculation of interest suspense;
- (xvii) the Company has complied with the 'First Schedule' of Bank Companies Act, 1991 in preparing these financial statements;

Dhaka,
Dated: 23 July 2020

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

NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED
Balance Sheet
As at December 31, 2019

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



	Note	2019 Taka	2018 Taka
Off-Balance Sheet Items			
Contingent Liabilities:			
Acceptances and endorsements		-	-
Letters of guarantee		-	-
Irrevocable letters of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
		-	-
Other Commitments:			
Documentary credits and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Un-disbursed contracted loans and leases	41.00	1,311,245,477	1,303,262,879
Undrawn formal standby facilities, credit lines and other commitments		-	-
		<u>1,311,245,477</u>	<u>1,303,262,879</u>
Total Off-Balance Sheet Items including contingent liabilities		<u>1,311,245,477</u>	<u>1,303,262,879</u>
Net Asset Value (NAV) per share (re-stated)	42.00	<u>16.17</u>	<u>15.16</u>

Annexed notes from an integral part of these financial statements



Md. Sarwar Kamal, FCS
Company Secretary



Md. Khalilur Rahman
Managing Director



Md. Kabir Reza, FCMA
Director



Mahbubur Rahman
Acting Chairman

Signed as per our report on same date

Place: Dhaka
Dated: 23 July, 2020

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

NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED

Profit and Loss Account

For the year ended December 31, 2019

	Note	2019 Taka	2018 Taka
Interest Income	19.00	2,051,842,879	1,995,665,758
Interest paid on deposits, borrowings etc.	20.00	1,486,020,924	1,344,114,201
Net interest income		565,821,955	651,551,557
Investment Income	21.00	4,397,834	7,643,076
Commission, exchange and brokerage	22.00	6,500	57,500
Other operating income	23.00	18,743,844	24,971,263
		23,148,178	32,671,839
Total operating income		588,970,133	684,223,396
Salaries and allowances	24.02	127,685,283	100,397,298
Rent, taxes, insurance, electricity etc.	24.03	11,669,653	9,844,693
Legal expenses	24.04	3,987,640	2,039,068
Postage, stamps, telecommunication etc.	25.00	1,974,066	1,767,957
Stationery, printing, advertisement etc.	26.00	10,039,628	19,873,942
Managing Director's salary and fees	27.00	7,600,000	7,626,083
Directors' fees and expenses	24.01	1,124,800	1,950,400
Auditors' fees	28.00	287,500	287,500
Charges on loan losses		-	-
Depreciation and repairs to assets	29.00	15,807,434	10,718,782
Other expenses	30.00	15,506,433	15,968,331
Total operating expenses		195,682,437	170,474,054
Profit/ (Loss) before provisions		393,287,695	513,749,342
Provisions for			
Loans, advances and leases	31.00	(23,994,355)	47,662,031
Diminution in value of investments	31.01	24,131,612	14,001,352
Others	31.02	2,527,590	4,492,425
Total provisions		2,664,847	66,155,808
Total profit/ (loss) before taxation		390,622,848	447,593,534
Provisions for taxation			
Current	14.08	(150,636,500)	(170,988,049)
Deferred	14.08	(3,178,821)	(833,986)
		(153,815,321)	(171,822,035)
Net Profit/ (loss) after taxation		236,807,527	275,771,499
Appropriations:			
Statutory reserve	16.00	47,361,505	55,154,300
General reserve		-	-
Dividend etc.		-	-
		47,361,505	55,154,300
Retained surplus		189,446,022	220,617,199
Earnings per share (re-stated)	32	2.02	2.36

Annexed notes from an integral part of these financial statements

Md. Sarwar Kamal, FCS
Company Secretary

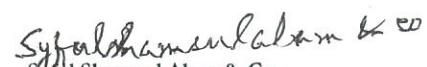
Md. Khalilur Rahman
Managing Director

Md. Kabir Reza, FCMA
Director

Mahbubur Rahman
Acting Chairman

Signed as per our report on same date

Place: Dhaka
Dated: 23 July, 2020


 Syfil Shamsul Alam & Co.
 Chartered Accountants

NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED

Statement of Changes in Equity

For the year ended December 31, 2019

Particulars	Paid-up Capital	Statutory Reserve	General Reserve	Retained Earnings	Total
<i>Figures in Taka</i>					

Balance as at January 01, 2019	1,063,920,000	466,539,218	-	243,771,628	1,774,230,847
Changes in accounting policy	-	-	-	(12,516,646)	(12,516,646)
Prior period adjustment (note-14.09)	-	-	-	231,254,982	1,761,714,200
Restated balance	-	-	-	-	-
Surplus/deficit on account of revaluation of properties	-	-	-	-	-
Surplus/deficit on account of revaluation of Investments	-	-	-	-	-
Currency transaction differences	-	-	-	-	-
Net gain/loss not recognized in the income statement	-	-	-	-	-
Net profit for the year	-	-	-	236,807,527	236,807,527
Dividends	-	-	-	(106,392,000)	(106,392,000)
Issue of Bonus share	106,392,000	-	-	(106,392,000)	-
Transfer to statutory reserve	-	47,361,505	-	(47,361,505)	-
Balance as at December 31, 2019	1,170,312,000	513,900,724	-	207,917,004	1,892,120,727

Annexed notes from an integral part of these financial statements

S
Md. Sarwar Kamal, FCS
Company Secretary

S
Md. Khalilur Rahman
Managing Director

S
Md. Kabir Reza, FCMA
Director



NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED

Cash Flow Statement

For the year ended December 31, 2019

	2019 Taka	2018 Taka
A. Cash flows from operating activities		
Interest receipts in cash	2,101,747,491	1,927,642,261
Interest payments	(1,409,901,392)	(1,161,026,083)
Dividend receipts	3,405,417	5,812,457
Fees and commissions receipts in cash	6,500	57,500
Recoveries on loans previously written off	40,408,513	1,860,000
Cash payments to employees	(135,104,107)	(110,116,879)
Cash payments to suppliers	(12,401,028)	(21,999,522)
Income taxes paid	(145,987,063)	(188,556,861)
Receipts from other operating activities	19,736,261	26,801,882
Payments for other operating activities	(32,576,026)	(26,074,992)
 Cash generated from operating activities before changes in operating assets and liabilities	 429,334,565	 454,399,763
 Increase/(decrease) in operating assets and liabilities:		
Statutory deposits	-	-
Purchase/sale of trading securities	-	-
Loans, advances and leases to the client	(1,130,908,976)	(2,157,416,907)
Other assets	31,052,828	(29,817,900)
Term deposits	(2,903,033,725)	4,481,898,047
Other deposits	(414,942)	(1,064,226)
Trading liabilities	-	-
Other liabilities	57,992,153	29,071,771
 Net cash flow from operating activities	 (3,945,312,662)	 2,322,670,784
 B. Cash flows from investing activities		
Proceeds from sale of securities	6,631,909	2,203,270
Payments for purchase of securities	-	-
Purchase /sale of property, plant & equipment	(101,063,727)	(4,144,231)
Purchase /sale of subsidiary	-	-
 Net cash from investing activities	 (94,431,818)	 (1,940,961)
 C. Cash flows from financing activities		
Receipts from issue of loan capital & debt securities	-	-
Payments for redemption of loan capital & debt securities	-	-
Receipt from ordinary shares	-	-
Loan from banks	(131,277,498)	39,911,930
Dividend paid	(106,392,000)	(202,144,800)
 Net cash from financing activities	 (237,669,498)	 (162,232,870)
 D. Net increase/(decrease) in cash	 (3,848,079,413)	 2,612,896,716
 E. Effects of exchange rate changes on cash and cash equivalent		
 F. Cash and cash equivalent at beginning of the year	 7,639,754,437	 5,026,857,721
 G. Cash and cash equivalent at end of the year	 3,791,675,024	 7,639,754,437
 Cash and cash equivalent at end of the year		
Cash in hand (including foreign currencies)	48,259	77,732
Balance with Bangladesh Bank and its agent bank(s) (including foreign currency)	258,288,276	194,421,756
Balance with banks and other financial institutions	3,533,338,489	7,445,254,949
Money at call and on short notice	-	-
 Net Operating Cash Flow Per Share (NOCFPS) (re-stated) (Note-42.01)	 3,791,675,024	 7,639,754,437
	(30.04)	23.73

Annexed notes from an integral part of these financial statements

Md. Sarwar Kamal, FCS
Company Secretary

Md. Khalilur Rahman
Managing Director

Md. Kabir Reza, FCMA
Director

Mahbubur Rahman
Young Chairman



NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED

Liquidity Statement
 (Maturity Analysis of Assets & Liabilities)
As at December 31, 2019

	Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Asset							
Cash in hand	48,259	-	-	-	-	-	48,259
Balance with Bangladesh Bank and its agents	258,288,276	-	-	-	-	-	258,288,276
Balance with other banks and FIs	453,338,489	77,000,000	1,972,551,367	1,030,445,633	-	-	3,533,338,489
Investments	113,259,172	10,000,000	-	-	-	-	123,259,172
Money at call and on short notice	-	-	-	-	-	-	-
Loans, advances and leases	388,734,612	27,671,276	4,722,617,088	1,634,819,116	6,721,034,475	13,494,876,567	
Fixed assets including premises, furnitures and fixtures	-	-	-	-	313,587,886	313,587,886	
Other assets	188,874,266	-	317,319,935	9,854,000	254,460	516,302,661	
Non-financial institution assets	-	-	-	-	-	-	-
Total Asset	1,402,543,075	114,671,276	7,012,491,390	2,675,118,749	7,034,876,821	18,239,701,311	
Liabilities							
Borrowing from banks, other financial institutions and agents	119,831,848	301,635,360.00	647,695,460	560,314,244	-	1,629,476,912	
Deposits and other accounts	38,323,741	-	7,811,292,567	2,067,694,960	3,328,238,471.71	13,245,549,740	
Provision & other liabilities	579,697,680	10,388,089	421,824,565	460,634,598	-	1,472,544,931	
Total Liabilities	737,853,269	312,023,449	8,880,812,591	3,088,643,802	3,328,238,472	16,347,571,583	
Net Liquidity Gap	664,689,806	(197,352,173)	(1,868,321,202)	(413,525,053)	3,706,638,349	1,892,129,727	

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

Annexed notes from an integral part of these financial statements

8
 Md. Khalilur Rahman
 Managing Director
 Company Secretary

SSA
 Md. Kabil Reza, FCMA
 Director

SSA
 Mahboibur Rahman
 Acting Chairman



NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED
Notes to the Financial Statements
For the year ended December 31, 2019

1.00 Company and its activities

1.01 Legal status and nature of the company

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

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

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

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

1.02 Principal Activities of NHFIL

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

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

2.01 Statement of Compliance

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

2.02 Basis of Accounting

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

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

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



2.03.01 Valuation of Investments in quoted and unquoted shares and securities

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

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

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

2.03.02 Provision on loans and advances/investments

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

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

2.03.03 Recognition of interest income in suspense

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

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

2.03.04 Other comprehensive income

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



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

2.03.05 Financial instruments – presentation and disclosure

IFRS 7 "Financial Instruments: Disclosure"

IAS 32 "Financial Instruments: Presentation"

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

Treatment adopted as per Bangladesh Bank:

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

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

2.03.06 Write off

Write-off describes a reduction in recognized value. It refers to recognition of the reduced or zero value of an asset. Generally it refers to an investment for which a return on the investment is now impossible or unlikely. The item's potential return is thus canceled and removed from ("written off") the Company's balance sheet.

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

2.04 Date of Authorization

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

2.04.01 Components of the financial statements

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

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

2.05 Functional and Presentation Currency

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

2.06 Use of Estimates and Judgments

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

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

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



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

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

Contingent liabilities and contingent assets

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

2.07 Branch accounting

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

2.08 Liquidity Analysis

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

- a) On the basis of residual maturity term:
 - i) Money at call and on short notice
 - ii) Balance with Banks
 - iii) Investments
 - iv) Borrowing from Banks and Financial Institutions
 - v) Public deposits
 - vi) Other liabilities
- b) Loans and advances on the basis of their repayment schedule
- c) Fixed assets on the basis of their estimated useful lives

2.09 Reporting Period

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

2.10 IAS 7: Cash Flow Statement

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

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

2.10.01 Cash and cash equivalent

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

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

2.10.02 Non-banking asset

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

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



2.10.03 Going concern

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

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

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

Response to address the COVID-19 Effects:

- i) This includes ensuring adequate safety and health measures for the employees like social distancing and working from home to ensure the safety of the employees;
 - II) Prudent balance sheet and cash management to ensure enough liquidity to manage all obligations;
 - III) Introducing and implementing contingency plans for liquidity and putting into controls for regular monitoring;
 - IV) Effective cost control measures are already in place to combat the unprecedented situation;
 - V) Reduce certain expenses which is required in normal business scenario but not 100% applicable during overall slowdown of macroeconomic and industry specific environment;
- Furthermore, the management is continuously monitoring NHFIL's key ratios and is confident enough to undertake all crisis management and business continuity measures. The Management of the company has performed extensive analysis on the possible impact and has responded through adequate measures mitigating possible impacts. Through conducting a stringent review and an assessment of the levels of facilities expected to be available to the company, the management strongly believes that the NHFIL has adequate resources for a period of at least 12 months from the date of authorized for issue of the financial statements.

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

2.10.04 Materiality and aggregation

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

2.11

Implementation of BASEL-II

To comply with international best practices to make the FI's capital more risk sensitive as well as to make the FI industry more shock absorbent and stable, Bangladesh Bank provided regulatory capital framework "Risk Based Capital Adequacy for FI's with effect from January 01, 2012 with its subsequent supplements/revisions. Instructions regarding Minimum Capital Requirement (MCR), Adequate Capital and Disclosure requirement as stated in these guidelines have to be followed by all FIs for the purpose of statutory compliance.

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



- 2.12 Legal proceedings**
 NHFIL has got strong legal team for efficiently handling of company's legal matters including favorable disposal of court cases (both civil and criminal) for recovery of Non Performing Loans (NPL). For which company's asset quality is being improved. At present, relating to legal proceedings, we have no material adverse effect on business, financial conditions or results of operations.
- 3.00 Significant accounting policies**
 The accounting policies applied for preparation of this Financial Statements have been applied consistently for both the periods presented herein.
- 3.01 Authorized Capital**
 Authorized capital is the maximum amount of share capital that the Company is authorized by its Memorandum and Articles of Association.
- 3.02 Paid up Capital**
 Paid up capital represents total amount of shareholders' capital that has been paid in full by ordinary shareholders. Ordinary shareholders are entitled to vote at shareholders' meeting & receive dividends as declared from time to time.
- 3.03 Statutory Reserve**
 Statutory reserve has been maintained @ 20.00% of profit after tax in accordance with provisions of section 9 of the Financial Institutions Act 1993 until such reserve equal to its paid up capital.
- 3.04 Revenue Recognition**
- 3.04.01 Interest Income**
- Mortgage Loans**
 Repayment of housing (mortgage) loans is made by way of Equated Monthly Installments (EMI) which consists of principal and interest. Interest is calculated annually on the outstanding balance at the beginning of the year. EMI commences after disbursement of loan in full. EMI and Pre-EMI interests are recoverable every month from the borrowers, interest on loan due for payment for more than 9 (nine) months are not taken into account.
- Lease Finance**
 The Company follows the finance lease method following IAS 17: Leases to account for lease income. Interest are recognized as and when accrued/earned on the basis of accrual basis of accounting. Interest outstanding more than 2 (two) months for 5 (five) years loan and more than 5 (five) months for over 5 (five) years loan is not recognized as revenue but recognized as interest suspense complying the requirements by the DFIM of Bangladesh Bank.
- Term Finance**
 Income from term finance is recognized when interest is accrued, but no interest of installments is taken into account that becomes due for more than 2 (two) months for 5 (five) years loan and more than 5(five) months for over 5 (five) years loan but recognized as interest suspense complying the requirements by the DFIM circular of Bangladesh Bank.
- Fixed Deposits**
 Fixed deposits, if not encashed on due date, is considered automatically renewed at the equivalent current rate of interest. Interest on fixed deposits is recognized as income as and when accrued.
- 3.04.02 Investment Income**
 Income on investment is recognized on accrual basis.
- 3.04.03 Fees and Commission Income**
 Fees and commission comprises application fees and administration fees computed on sanctioned loan amount.
- 3.05 Expenditure Recognition**
- 3.05.01 Interest Paid and Other Expenses**
 Interest paid and other expenses are recognized on accrual basis.



3.05.02 Loan Loss Provision

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

3.05.03 Fixed Assets

i) Recognition and measurement

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

ii). Subsequent Cost

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

iii) Depreciation

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

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

3.06 Employee Benefits

3.06.01 Provident Fund

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

3.06.02 Gratuity Fund

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

3.07 Income Tax

3.07.01 Current Tax :

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

3.07.02 Deferred Tax

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



3.08 Earnings Per Share (EPS)

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

3.09 Dividend

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

3.10 Related party disclosure

As per International Accounting Standards (IAS) 24 “Related Party Disclosures”, parties are considered to be related if one of the party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related party disclosures have been given in note-53 .

3.11 Regulatory & Legal Compliances

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

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

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

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

Name of the IAS	IAS No	Status of Compliance
Presentation of Financial Statements	IAS-01	Applied
Inventories	IAS-02	Not Applicable
Cash Flow Statements	IAS-07	Applied
Accounting Policies, Changes in Accounting Estimates & Errors	IAS-08	Applied
Events after the Reporting Period	IAS-10	Applied
Income Taxes	IAS-12	Applied
Segment Reporting	IAS-14	Not Applicable
Property, Plant & Equipment	IAS-16	Applied
Leases	IAS-17	Applied



Employee Benefits	IAS-19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	IAS-20	Not Applicable
The Effect of Changes in Foreign Exchange Rates	IAS-21	Not Applicable
Borrowing Costs	IAS-23	Applied
Related Party Disclosure	IAS-24	Applied
Accounting and Reporting by Retirement Benefit	IAS-26	Not Applicable
Consolidated and Separate Financial Statements	IAS-27	Not Applicable
Investments in Associates and Joint Ventures	IAS-28	Not Applicable
Financial Reporting in Hyperinflationary Economics	IAS-29	Not Applicable
Interest in Joint Venture	IAS-31	Not Applicable
Financial Instrument Presentation	IAS-32	Applied
Earnings Per Share	IAS-33	Applied
Interim Financial Reporting	IAS-34	Applied
Impairment of Assets	IAS-36	Applied
Provisions, Contingent Liabilities and Contingent Assets	IAS-37	Applied
Intangible Assets	IAS-38	Applied
Investment Property	IAS-40	Not Applicable
Agriculture	IAS-41	Not Applicable

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

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

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

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



3.13 Financial risk management

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

Credit Risk

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

Market Risk

The Asset Liability Committee (ALCO) of the Company regularly meets to assess the changes in interest rate, market conditions, carry out asset liability maturity gap analysis, re-pricing of products and thereby takes effective measures to monitor and control interest rate risk. NHFIL has also strong access to money market and credit lines at a competitive rate through good reputation, strong earnings, financial strength and credit.

Liquidity Risk

Liquidity requirements are managed on a day-to-day basis by the Treasury Division which is responsible for ensuring that sufficient funds are available to meet short term obligations, even in a crisis scenario, and for maintaining a diversity of funding sources. Treasury Division maintains liquidity based on historical requirements, anticipated funding requirements from operation, current liquidity position, collections from financing, available sources of funds and risks and returns.

Operational Risk

Appropriate internal control measures are in place, at NHFIL, to address operational risks. NHFIL has also established an Operational Risk Management (ORM) to address operational risk and to frame and implement policies to encounter such risks. This department assesses operational risk across the Company as a whole and ensures that an appropriate framework exists to identify, assess and manage operational risk. The function of the ORM department is to exercise constant vigilance against erosion of Shareholders' value by identifying, assessing, measuring and managing operational risk resulting from inadequate or failed internal processes, people and systems or from external events.

Money Laundering and Terrorist Financing Risk

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

- a) Business risk which is the risk that NHFIL may be used for money laundering or for the financing of terrorism and
- b) Regulatory risk which is the risk that NHFIL fails to meet regulatory obligations under the Money Laundering Prevention Act, 2012 (subsequently amended in 2015) and the Anti-Terrorism Act, 2009 (subsequently amended in 2012 and 2013).



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

- a) Internal policies, procedures and controls, which are continually updated as and when required, to identify and report instances of money laundering and terrorism financing.
- b) A dedicated structure and sub-structure within the organization, headed by a Central Compliance Unit (CCU), for proactively managing AML and CFT compliance.
- c) Appointment of an AML/CFT Compliance Officer, known as the Chief Anti Money Laundering Officer (CAMLCO), to lead the CCU.
- d) Independent audit functions, including internal and external audit, to test the programs.

Additional risks required to be addressed under regulatory requirements

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

The Integrated Risk Management Guidelines for Financial Institutions specify a number of additional risks

that financial institutions are now required to manage in a more structured manner. Key among these are:

Strategic Risk

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

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

Compliance Risk

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

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



Reputation Risk

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

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

Environmental & Social Risk

As the best financial brand in promoting sustainable business practices, NHFIL have adopted Environmental & Social Risk Management System as one of its integral parts of Credit Risk Assessment to compute environmental & social risks from our financial footprints. NHFIL is one of the front runners to add "Environmental & Social Management System (ESMS)" within its framework, to minimize environmental & social risks from the organizational activities. NHFIL also have a dedicated E & S team to rollout the operations of ESMS across the organization, capacity building of the business unit as well as the credit risk management officials to strengthen the core of our in E & S Risk management.

ICT Risks

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

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



		2019 Taka	2018 Taka
4.00	Cash		
	Cash in hand:		
	Local currency	48,259	77,732
	Foreign currencies	-	-
		48,259	77,732
	Balance with Bangladesh Bank and its agent Bank:		
	Local currency	258,288,276	194,421,756
	Foreign currencies	-	-
		258,288,276	194,421,756
		258,336,535	194,499,488
4.01	Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR)		
	Cash Reserve Requirement and Statutory Liquidity Reserve have been calculated and maintained in accordance with Financial Institutions Act, 1993 & Financial Institutions Regulations, 1994, FID Circular No. 06, dated 06 November 2003, FID Circular No. 02 dated 10 November 2004 and DFIM Circular Letter No. 01, dated 12 January 2017		
	Cash Reserve Requirement (CRR) has been calculated at the rate of 2.5% on Total Term Deposits which is preserved in current account maintained with Bangladesh Bank. 'Total Term Deposit' means Term or Fixed Deposit, Security Deposit against Lease/Loan and other Term Deposits, received from individuals and institutions (except Banks & Financial Institutions) and Statutory Liquidity Reserve (SLR) has been calculated at the rate of 5.0% on total liabilities, including CRR of 2.5% on Total Term Deposit. SLR is maintained in liquid assets in the form of cash in hand (notes & coin in Taka), balance with Bangladesh Bank and other Banks and Financial Institutions, unencumbered treasury bill, bond and any other assets approved by Government gazette or by Bangladesh Bank. Details of CRR & SLR maintained by the company are shown in the note: 4.01.01 & 4.01.02.		
4.01.01	Cash Reserve Requirement (CRR)		
	Required reserve	249,383,411	191,196,637
	Actual reserve held	258,288,276	194,421,756
	Surplus/(deficit)	8,904,865	3,225,119
4.01.02	Statutory Liquidity Reserve (SLR)		
	Required reserve	567,412,677	444,777,626
	Actual reserve held (including CRR)	3,416,879,604	6,864,382,937
	Surplus/(deficit)	2,849,466,927	6,419,605,311
5.00	Balance with banks and other financial institutions		
5.01	In Bangladesh		
	On current accounts (note: 5.01.01)	11,107,041	9,132,078
	On Short Term Deposit (STD) Accounts (note: 5.01.02)	442,231,448	490,934,756
	On Fixed Deposit Account (note: 5.01.03)	3,080,000,000	6,945,188,115
		3,533,338,489	7,445,254,949
	Outside Bangladesh	-	-
5.01.01	On Current Accounts		
	AB Bank Limited	184,465	184,465
	Agrani Bank Limited	543,144	1,816,025
	Bank Asia Limited	6,396,816	3,127,936
	Janata Bank Limited	2,810	3,845
	EXIM Bank Limited	822,508	182,619
	National Bank Limited	2,508,081	3,407,568
	Woori Bank Limited	24,955	4,475
	Trust Bank Limited	12,290	13,210
	Mercantile Bank Limited	611,972	391,934
	The City Bank Limited	-	-
		11,107,041	9,132,078



	2019 Taka	2018 Taka
5.01.02 On Short Term Deposit (STD) Accounts		
Islami Bank Bangladesh Limited	4,802,703	1,149,717
AB Bank Limited	177,187	12,072
Commercial Bank of Ceylon PLC	2,631,592	12,290,991
Dutch Bangla Bank Limited	531,570	2,376,338
Bank Asia Limited	8,584,477	15,654,759
Mutual Trust Bank Limited	23,337	4,883,520.50
Eastern Bank Limited	1,609,166	51,904,614
Exim Bank Limited	919,036	8,389
Jamuna Bank Limited	43,699,391	33,746,937
National Bank Limited	3,062,311	14,336,383
National Credit and Commerce Bank Limited	3,439,844	-
NRB Bank Limited	583,495	-
One Bank Limited	2,960,449	2,204,520
Prime Bank Limited	212,838	1,016,730
Premier Bank Limited	3,340,816	1,961,608
Pubali Bank Limited	556,719	90,018,991
Shahjalal Islami Bank Limited	3,601,654	387,456
Social Islami Bank Limited	2,668,773	-
Standard Bank Limited	203,152	-
Standard Chartered Bank Limited	201,275	-
Sonali Bank Limited	391,678	6,592
SBAC Bank Limited	82,685	47,649
Southeast Bank Limited	107,899,137	7,644,247
International Leasing and Financial Services Limited (note-5.01.02.1)	152,085,333	147,500,000
Premier leasing & Finance Limited	61,000,000	65,800,000
Fareast Finance Limited	16,000,000	31,300,000
Trust Bank Limited	611,163	3,665,651
Dhaka Bank Limited	14,605,474	-
Padma Bank Limited	49,462	-
Bank Alfalah Limited	55,519	97,043
Mercantile Bank Limited	5,641,212	2,920,549
	442,231,448	490,934,756

5.01.02.1 International Leasing and Financial Services Limited

Upon their inspection for the financial year ended 31 December, 2019, Bangladesh Bank FICL Audit inspection team advised to maintain provision at the rate of 20% effective from 2020 vide letter no- DFIM(C)1054/43/2020-1065 dated 14.07.2020. This was due to doubtfulness over the recoverability of the outstanding amount due to the current financial condition of International Leasing & Finance Services Ltd.

5.01.03 On Fixed Deposit Account

Dhaka Bank Limited	2,000,000,000	4,000,000,000
Exim Bank Limited	400,000,000	200,000,000
Jamuna Bank Limited	-	1,600,000,000
National Bank Limited	-	102,188,115
Industrial and Infrastructure Development Finance Company Limited	-	50,000,000
Islamic Finance and Investment Limited	-	100,000,000
IPDC Finance Limited	200,000,000	300,000,000
One Bank Limited	350,000,000	-
SBAC Bank Limited	-	50,000,000
Union Capital Limited	30,000,000	-
Social Islami Bank Limited	-	100,000,000
MIDAS Financing Limited	-	23,000,000
Prime Finance & Investment Limited	100,000,000	-
Uttara Finance & Investments Limited	-	100,000,000
Lankabangla Finance Limited	-	20,000,000
Padma Bank Limited	3,080,000,000	6,945,188,115



			2019 Taka	2018 Taka
5.02	Maturity Grouping of Balance with other Banks and Financial Institutions			
	On demand		453,338,489	500,066,834
	Up to 3(three) months		77,000,000	961,109,300
	More than 3(three) months but not more than 1(one) year		1,972,554,367	4,589,290,920
	More than 1(one) year but not more than 5(five) years		1,030,445,633	1,639,387,895
	More than 5(five) years		-	-
			<u>3,533,338,489</u>	<u>7,689,854,949</u>
6.00	Money at call and on short notice		-	-
	With Banking Companies		-	-
			-	-
7.00	Investments		-	-
	Government securities		123,259,172	129,891,081
	Other investments (note: 7.01)		<u>123,259,172</u>	<u>129,891,081</u>
7.01	Other Investments		10,000,000	20,000,000
	Preference Shares		113,259,172	109,891,081
	Ordinary Shares (note: 7.01.01)		<u>123,259,172</u>	<u>129,891,081</u>
7.01.01	Investment in ordinary shares			
	Name of Company	Cost Price	Number of Shares	Cost Value
				Market Price
				Market Value as on 31.12.2019
				Provision for diminution in value of share
	ACI Formulations Limited	182.96	175,960	32,193,213
	The ACME Laboratories Limited	102.43	75,000	7,682,244
	Genex Infosys Limited	8.70	392	3,409
	Lankabangla Finance limited	27.22	445,552	12,129,979
	Runner Automobiles Limited	71.43	7,566	540,450
	IDLC Finance Limited	74.12	400,000	29,646,566
	Advent Pharma Limited	35.53	22,000	781,727
	Titas Gas Limited	49.64	350,000	17,374,642
	Coppertech Industries Limited	9.52	4,979	47,420
	Silco Pharmaceuticals Limited	9.09	4,377	39,793
	ADN Telecom Limited	30.00	18,969	569,070
	Ring Shing Textiles Limited	9.83	115,609	1,136,422
	New Line Clothings Limited	9.35	4,282	40,023
	Sea Pearl Beach Resort & Spa Limited	9.53	3,916	37,300
	Golden Harvest Agro Industries Limited	32.08	52,500	1,684,087
	Lafarge Holcim Bangladesh Limited	64.50	145,000	9,352,827
	Total			113,259,172
				66,781,943
				46,477,230



Opening Balance
Charge / (recovery) during the year
Balance as on December 31, 2019

	2019 Taka	2018 Taka
Opening Balance	22,345,618	8,344,266
Charge / (recovery) during the year	24,131,612	14,001,352
Balance as on December 31, 2019	46,477,230	22,345,618

7.01-02 Maturity-wise Grouping

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

113,259,172	109,891,081
10,000,000	10,000,000
-	10,000,000
-	-
123,259,172	129,891,081

8.00 Loans and advances

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

12,516,487,107	11,088,647,799
77,627,236	87,281,758
218,745,701	328,502,891
646,525,688	746,387,271
14,381,287	59,718,417
21,109,547	53,429,455
13,494,876,567	12,363,967,591

8.01 Maturity-wise Grouping of loans and advances

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

388,734,612	1,863,623,027
27,671,276	127,108,173
4,722,617,088	1,098,438,885
1,634,819,116	1,939,148,893
6,721,034,475	7,335,648,613
13,494,876,567	12,363,967,591

8.02 Loans, Advances and Leases

In Bangladesh
Loans
Leases
Overdraft
Cash Credit

13,417,249,331	12,284,399,297
77,627,236	79,568,294
-	-
-	-
13,494,876,567	12,363,967,591

Outside Bangladesh

13,494,876,567	12,363,967,591
----------------	----------------

8.03 Geographical Location-wise Grouping

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

10,678,371,111	9,771,062,402
924,862,514	720,077,148
-	-
-	-
-	-
613,914,613	544,851,821
1,277,728,329	1,327,976,220
13,494,876,567	12,363,967,591

Outside Bangladesh

13,494,876,567	12,363,967,591
----------------	----------------

8.04 Significant Concentration-wise Grouping

Directors & their related parties (Note: 53.00)

Staff:
Managing Director
Senior Executives
Others

8,999,812	-
12,109,735	88,775,059
14,381,287	59,718,417
35,490,834	148,493,476



		2019 Taka	2018 Taka
Industries:			
Agricultural loan		234,936,989	346,156,735
Large and medium enterprises		646,525,688	724,688,014
Small and cottage		61,435,948	91,327,171
		942,898,625	1,162,171,920
Mortgage Loan			
Home mortgage loan		10,778,832,549	9,443,901,387
Commercial mortgage loan		1,360,883,721	1,220,532,093
Project mortgage loan		376,770,837	388,868,715
		12,516,487,107	11,053,302,195
Trade & commercial		13,494,876,567	12,363,967,591
8.05 Staff Loan			
Personal loan		19,174,349	51,319,654
Car loan		1,935,198	2,109,801
		21,109,547	53,429,455
8.06 Details of Large Loan			
As at 31st December 2019 there was no client with whom amount of outstanding and classified loans, advances and leases exceeded 15.00% of the total capital of the Company. Total capital of the Company was Taka 2,022.46 million and Taka 1,924.32 million respectively as at 2019 & 2018 respectively (note: 15.05).			
8.07 Grouping as per Classification Rules			
Unclassified:			
Standard		12,306,158,922	11,449,247,174
Special Mention Account		485,457,080	388,775,644
		12,791,616,002	11,838,022,818
Classified:			
Sub-standard		124,923,021	112,906,070
Doubtful		212,802,282	82,188,814
Bad/loss		365,535,263	330,849,889
		703,260,565	525,944,773
		13,494,876,567	12,363,967,591
8.08 Loan Type-wise Classified Loan			
Mortgage loans		335,690,562	286,129,394
Lease finance		68,924,912	61,356,336
Term Finance		72,574,120	53,768,281
Small & Medium Enterprises		226,070,971	124,690,762
		703,260,565	525,944,773
8.09 Sector-wise Allocation of Loans, Advances and Leases			
Government			
Private:			
Mortgage loan		11,155,603,386	9,832,770,102
Industry		77,627,236	87,281,758
Term Finance		218,745,701	328,502,891
Commercial loan		1,360,883,721	1,220,532,093
SME Loan		646,525,688	746,387,271
Miscellaneous		35,490,834	148,493,476
		13,494,876,567	12,363,967,591
8.10 Securities Against Loans, Advances and Leases			
Collateral of moveable/immovable assets		13,459,385,733	12,094,085,094
Fixed Deposit Receipts (FDR)		14,381,287	59,718,417
Fixed Deposit of other banks		-	156,734,625
Personal guarantee		21,109,547	53,429,455
Others		-	-
		13,494,876,567	12,363,967,591

				2019 Taka	2018 Taka
8.11	Particulars of Required Provision for Loans, Advances and Leases				
	Status	Outstanding Loans, Advances and Leases as at 31.12.2019	Base for Provision	Rate of Required Provision	Required Provision
For Loans, Advances and Leases:					
Unclassified-General					
All unclassified Loans	12,306,158,922	12,306,158,923	0.25% & 1%	120,291,731	110,205,353
Special Mention Account (SMA)	485,457,080	440,235,785	5.00%	22,011,793	17,840,347
Sub-total:	12,791,616,002	12,746,394,708		142,303,524	128,045,700
Classified-Specific					
Sub-standard	124,923,021	28,707,650	20.00%	5,741,530	864,662
Doubtful	212,802,282	24,382,131	50.00%	12,191,068	4,394,364
Bad/Loss	365,535,263	51,303,202	100.00%	51,303,202	61,422,023
Sub-total:	703,260,565	104,392,982		69,235,799	66,681,048
Grand-total:	13,494,876,567	12,850,787,691		211,539,323	194,726,749
Note- Excess provision kept for the year 2019 for an amount of Taka 161,586.					
8.12	Particulars of Loans, Advances and Leases				
Loans considered good in respect of which the Company is fully secured				13,473,767,020	12,310,538,136
Loans considered good against which the Company holds no security other than debtors' personal guarantee				19,174,349	51,319,654
Loans considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors				-	-
Loans adversely classified-no provision not maintained there against				-	-
				13,492,941,369	12,361,857,790
Loans due by directors or officers of the bank or any of them either separately or jointly with any other persons				86,028,217	88,775,059
Loans due from companies or firms in which the directors or officers of the Company have interest as directors, partners or managing agents or, in case of private companies, as members				-	-
Maximum total amount of advance, including temporary advance made at any time during the year to directors or managers or officers of the Company or any of them either separately or jointly with any other person				-	-
Maximum total amount of advance, including temporary advances granted during the year to companies or firms in which the directors of the Company are interested as directors, partners or managing agents or, in case of private companies, as members.				-	-
Due from banks/financial institutions				-	-
Classified loans, advances and leases:					
a) Classified loans, advances and leases on which interest has not been charged (Note-8.07)				365,535,263	330,849,889
b) Loans written off				-	42,292,697
c) Realized from previous written off				(40,408,513)	(1,007,128)
d) Provision on bad loans, advances and leases				69,235,799	66,681,048
e) Interest credited to the interest suspense account (Note-14.05)				187,857,462	132,018,149
f) Cumulative amount of the written off loans/Leases:					
Opening balance				339,825,657	298,540,088
Amount written off during the year				-	42,292,697
Cumulative to date				339,825,657	340,832,785
Recovery from write-off				40,408,513	1,007,128
Written off loans for which law suit filed				299,417,144	339,825,657
8.13	The directors of the Company have not taken any loan from National Housing during the year or there is no outstanding loan balances with any directors of the company.				



9.00 Fixed assets including premises, furniture and fixtures for 2019

	2019 Taka	2018 Taka
Cost		
Opening balance	297,672,217	295,539,107
Add: Addition during the year (Annexure - A)	101,063,727	4,316,876
	398,735,944	299,855,983
Less: Disposed during the year (Annexure-A)	-	(2,183,766)
Balance as on 31.12.2019	398,735,944	297,672,217
Less: Accumulated depreciation (9.01)	(85,148,058)	(69,727,958)
Written down value as on 31.12.2019	313,587,886	227,944,259

9.01 Accumulated depreciation

Opening balance	69,727,958	61,377,920
Add: Depreciation charged during the year	15,420,100	10,361,159
	85,148,058	71,739,079
Less: Adjustment during the year	-	(2,011,121)
Balance as on 31.12.2019	85,148,058	69,727,958

For details please refer to Annexure - A



		2019 Taka	2018 Taka
10.00	Other assets		
	Income Generating Other Assets:	-	-
	Non-income Generating Other Assets:		
	Advance against fixed assets (note: 10.03)	9,854,000	94,690,027
	Security deposits	254,460	154,460
	Advance income tax (note: 10.01)	315,690,434	332,360,403
	Advance against branch office	65,000	2,207
	Advance against office rent (note: 10.04)	1,629,501	1,838,500
	Stamp & Security Paper	176,370	619,020
	Other receivables (note: 10.02)	188,632,896	187,444,273
		516,302,661	617,108,891
10.01	Advance Income Tax		
	Balance as at 1st January	332,360,403	326,304,486
	Add: Advance tax for the year:		
	Tax paid during the year	96,737,500	141,990,496
	Tax deducted at source	49,249,563	46,566,365
	Less: Adjusted against tax provision	(162,657,033)	(182,500,944)
		(16,669,970)	6,055,917
	Balance as at 31st December	315,690,434	332,360,403
10.02	Other Receivables		
	Cheque dishonored charges	336,777	400,782
	Accounts receivable	53,374,302	5,907,284
	Interest on bank deposits	112,819,532	162,724,144
	Receivable from Dhaka Stock Exchange Ltd.	-	1,754,565
	Receivable from Multi Securities	6,220	6,670
	Receivable from ETBL Securities	441,321	637,255
	Receivable from UFT Co. Ltd	2,190,558	142,032
	Legal charges receivable	15,938,154	14,146,172
	Others	3,526,034	1,725,370
		188,632,896	187,444,273
10.03	Advance against fixed assets		
	Opening balance	94,690,027	77,249,503
	Add: Advance payment	9,602,000	27,810,126
	Less : Transfer to fixed assets	94,438,027	10,369,602
		9,854,000	94,690,027
10.04	Advance against office rent		
	Opening balance	1,838,500	2,150,100
	Add: Advance payment	900,000	2,025,000
	Less : Adjustment for the year	1,108,999	2,336,600
		1,629,501	1,838,500
11.00	Non-banking assets	-	-



		2019 Taka	2018 Taka
12.00	Borrowing from banks, other financial institutions and agents		
	Secured		
	In Bangladesh:		
	Secured Overdraft		
	Banking companies:		
	Eastern Bank Limited	80,890,698	-
	Mercantile Bank Limited	46,261,207	3,799,949
	SBAC Bank Limited	243,711,239	400,000,000
	Exim Bank Limited	100,073,611	-
	Pubali Bank Limited	199,970,584	249,711,337
	Mutual Trust Bank Limited	160,858	-
		671,068,198	653,511,286
	Non-banking financial institution	-	-
		671,068,198	653,511,286
	Outside Bangladesh		
	Sub-total:	671,068,198	653,511,286
	Term Loan :		
	Banking companies:		
	Agrani Bank Limited	179,998,362	-
	Woori Bank Limited	162,000,000	162,000,000
	Eastern Bank Limited	245,235,059	79,050,000
		587,233,421	241,050,000
	Non-banking financial institution	-	-
		587,233,421	241,050,000
	Outside Bangladesh		
	Sub-total:	587,233,421	241,050,000
	Bangladesh Bank Loan:		
	SME loan	161,163,602	307,457,258
	HML Refinance Scheme	210,011,691	238,735,867
	Sub-total:	371,175,293	546,193,125
	Un-secured		
	Money at call and on short notice: (note-12.02)		
	Banking companies:		
	Sonali Bank Limited	-	170,000,000
	Agrani Bank Limited	-	-
	United Commercial Bank Limited	-	40,000,000
	Janata Bank Limited	-	110,000,000
		-	320,000,000
	Non-banking financial institution	-	-
		-	320,000,000
	Outside Bangladesh		
	Sub-total:	-	320,000,000
	Total:	1,629,476,912	1,760,754,410
12.01	Remaining Maturity Grouping of Borrowing		
	Payable on demand	-	320,000,000
	Up to 1 (one) month	119,831,848	85,110,326
	Over 1(one) month to 3(three) months	301,635,360	123,119,589
	Over 3(three) months to 1(one) year	647,695,460	629,630,910
	Over 1(one) year to 5(five) years	560,314,244	558,731,000
	More than 5(five) years	-	44,162,586
		1,629,476,912	1,760,754,410
12.02	Money at call and on short notice		
	Money at call and on short notice normally ranges between 1-3 days. At the closing date of 31 December 2019, all Money at call and on short notice had been paid for, resulting in zero balance.		



		2019 Taka	2018 Taka
13.00	Deposits and other accounts		
	Bank Term deposits	3,820,000,000	8,180,000,000
	Customer deposits	9,413,847,419	7,956,881,144
	Other deposits (note: 13.02)	11,702,321	12,117,263
		13,245,549,740	16,148,998,406
13.01	Remaining Maturity Grouping of Deposits and Other Accounts		
	Payable on demand	9,246,495	320,000,000
	Within 1(one) month	29,077,246	1,355,964,120
	Over 1(one) month to 6(six) months	5,202,496,285	2,674,533,704
	Over 6(six) months to 1(one) year	2,608,796,282	2,280,842,982
	Over 1(one) year to 5(five) years	2,067,694,960	3,916,630,296
	Over 5(five) years to 10(ten) years	3,328,238,472	3,994,633,723
	More than 10(ten) years	-	1,606,393,581
		13,245,549,740	16,148,998,406
13.02	Other Deposits		
	Home mortgage loan deposit	730,354	730,354
	Margin deposit	2,159,760	2,230,390
	Refundable share money deposit	6,210,394	6,210,394
	Lease deposit	2,601,813	2,946,125
		11,702,321	12,117,263
14.00	Other liabilities		
	Provision for loans, advances ,investments and others(note: 14.01 to 14.04)	272,777,135	229,703,774
	Interest suspense (note: 14.05)	187,857,462	132,018,149
	Provision for gratuity (note: 14.06)	-	-
	Withholding tax payable	990,829	23,647
	VAT & Excise duty payable	729,603	164,171
	Provision for current tax (note: 14.07)	408,316,477	420,337,010
	Provision for deferred tax (note: 14.09)	13,508,087	10,329,266
	Interest payable (note: 14.11)	556,829,074	480,709,542
	Accrued expenses (note: 14.10)	287,500	287,500
	Unclaimed dividend (note: 14.12)	15,527,319	14,290,267
	Accounts Payable	5,333,355	5,152,179
	Sundry deposit	10,388,089	14,183,737
	Sundry liabilities	-	-
		1,472,544,931	1,307,199,242
14.01	Specific Provision on Loans, Advances		
	Balance as at 1st January	84,521,396	94,107,101
	<i>Less:</i> Fully provided debt written off	-	(38,781,723)
	Provision after written off	84,521,396	55,325,378
	<i>Add:</i> Provision made during the year	12,673,571	195,722,810
	<i>Less:</i> Provision recovered	(50,527,334)	(167,533,920)
	Net charge in the profit & loss account	(37,853,763)	28,188,890
	<i>Add:</i> Recoveries of amounts previously written off	40,408,513	1,007,128
	<i>Less:</i> Written off of provision no longer required	-	-
	Provisions held at 31st December	87,076,146	84,521,396
14.02	General Provision on Loans, Advances and Leases		
	Balance as at 1st January	110,765,355	91,292,214
	<i>Add:</i> Provision made during the year	14,365,160	36,581,046
	<i>Less:</i> Provision recovered	(505,752)	(17,107,905)
	Net charge in the profit & loss account	13,859,408	19,473,141
	Balance as at 31st December	124,624,763	110,765,355



		2019 Taka	2018 Taka																								
14.03	Provision on investments in share Balance as at 1st January <i>Add:</i> Provision made during the year <i>Less:</i> Provision recovered Net charge in the profit & loss account Balance as at 31st December	22,345,618 24,131,612 - 24,131,612 46,477,231	8,344,266 20,416,991 (6,415,639) 14,001,352 22,345,618																								
14.04	Provision on others Balance as at 1st January <i>Add:</i> Provision made during the year <i>Less:</i> Provision recovered Net charge in the profit & loss account <i>Less:</i> Fully provided debt written off Provisions held at 31st December	12,071,405 2,754,240 (226,650) 2,527,590 14,598,995 - 14,598,995	7,718,315 4,677,515 (185,090) 4,492,425 12,210,740 (139,335) 12,071,405																								
14.05	Interest Suspense Account Balance as at 1st January <i>Add:</i> Interest suspense charged during the year <i>Less:</i> Interest suspense realized during the year Net charge in the profit & loss account <i>Less:</i> Interest written off Balance as at 31st December Write-off of Loans/Leases As per FID Circular no. 03 dated 15th March 2007 of Bangladesh Bank a financial institution should write-off its loans/leases to clean-up its financial statements subject to fulfillment of the criteria. As per Bangladesh Bank guidelines, National Housing Finance and Investments Limited has written-off its loans/leases as under: (Figures in Taka)	132,018,149 360,754,916 (304,915,603) 55,839,313 187,857,462 - 187,857,462	110,550,694 232,089,157 (207,250,063) 24,839,094 135,389,788 (3,371,639) 132,018,149																								
	<table border="1" style="width: 100%;"><tr><td>Balance at 1st January</td><td style="text-align: right;">339,825,657</td><td style="text-align: right;">298,540,088</td></tr><tr><td>Net loans/leases written-off during the year</td><td style="text-align: right;">-</td><td style="text-align: right;">42,292,697</td></tr><tr><td>No. of agreements written-off</td><td style="text-align: right;">19</td><td style="text-align: right;">20</td></tr><tr><td>No. of clients written-off</td><td style="text-align: right;">16</td><td style="text-align: right;">17</td></tr><tr><td>Interest suspense against written-off loans/leases</td><td style="text-align: right;">-</td><td style="text-align: right;">(3,371,639)</td></tr><tr><td>Provision adjusted against written-off loans/leases</td><td style="text-align: right;">-</td><td style="text-align: right;">(38,921,058)</td></tr><tr><td>Recovery of loans/leases write-off loans/leases</td><td style="text-align: right;">40,408,513</td><td style="text-align: right;">1,007,128</td></tr><tr><td>Balance of loans/leases written-off at 31st December 2019</td><td style="text-align: right;">299,417,144</td><td style="text-align: right;">339,825,657</td></tr></table>	Balance at 1st January	339,825,657	298,540,088	Net loans/leases written-off during the year	-	42,292,697	No. of agreements written-off	19	20	No. of clients written-off	16	17	Interest suspense against written-off loans/leases	-	(3,371,639)	Provision adjusted against written-off loans/leases	-	(38,921,058)	Recovery of loans/leases write-off loans/leases	40,408,513	1,007,128	Balance of loans/leases written-off at 31st December 2019	299,417,144	339,825,657		
Balance at 1st January	339,825,657	298,540,088																									
Net loans/leases written-off during the year	-	42,292,697																									
No. of agreements written-off	19	20																									
No. of clients written-off	16	17																									
Interest suspense against written-off loans/leases	-	(3,371,639)																									
Provision adjusted against written-off loans/leases	-	(38,921,058)																									
Recovery of loans/leases write-off loans/leases	40,408,513	1,007,128																									
Balance of loans/leases written-off at 31st December 2019	299,417,144	339,825,657																									
14.06	Provision for Gratuity Balance as at 1st January <i>Add:</i> Provision made during the year <i>Less:</i> Payment made during the year <i>Less:</i> Provision written back during the year Balance as at 31st December	- 5,409,980 (5,409,980) - -	3,903,586 9,514,094 (13,417,680) - -																								
14.07	Provision for Current Tax Balance as on 1st January <i>Add:</i> Provision made during the year (note-14.07.01) <i>Less:</i> Excess provision for the year 2017 <i>Less:</i> Adjustment of advance tax Balance as at 31st December	420,337,010 154,156,617 (3,520,117) (162,657,033) 408,316,477	431,849,906 170,988,048 - (182,500,944) 420,337,010																								
14.07.01	Provision made during the year Provision for current tax has been made on the basis of the profit for the year as adjusted for taxation purposes in accordance with the provisions of Income Tax Ordinance, 1984 and amendments made thereto. The current tax rate for the Company is 37.50% on taxable income.																										
14.08	Provision for taxation Charged in the Profit & Loss Account Current tax (note: 14.07) <i>Add/ (less):</i> Deferred tax	150,636,500 3,178,821 153,815,321	170,988,049 833,986 171,822,035																								



2019 Taka	2018 Taka
--------------	--------------

14.08.01 Average effective tax rates

The average effective tax rate is calculated below as per International Accounting Standard (IAS) 12: "Income Taxes".

Tax expenses (A)	153,815,321	171,822,035
Accounting profit before tax (B)	390,622,848	447,593,534
Average effective tax rate (A÷B)	39.38%	38.39%

14.08.02 Reconciliation of effective tax rate:

Tax using the company's tax rate	37.50%	37.50%
Tax effect of:		
Provision for non-deductible expenses	-1.88%	2.80%
Adjustment/provision released during the year	0.26%	-
Other components of tax as per ITO 1984	4.32%	-3.21%
Difference between accounting and tax depreciation.	-0.81%	1.30%
Effective tax rate	39.38%	38.39%

14.09 Deferred tax liability

Balance as at 1st January	10,329,266	(3,021,365)
Deferred tax income/(Expenses)	3,178,821	833,986
Prior period adjustment (B/F) (note-14.09.01)	-	12,516,645
	13,508,087	10,329,266

14.09.01 Prior period adjustment (B/F)

Prior period adjustment represent Deferred tax liabilities which was miscalculated and that has been corrected and the balance adjusted as per requirement of IAS-8 for proper reflection in the financial statements.

14.09.01 Calculation of deferred tax

Carrying amount of Fixed Assets (excluding land)	248,367,893	170,724,266
Tax base value of Fixed Assets	212,346,327	143,179,556
Taxable temporary difference	36,021,566	27,544,710
Applicable tax rate	37.50%	37.50%
Deferred tax assets on fixed assets	13,508,087	10,329,266

14.10 Accrued Expenses

Promotion and publicity	-	-
Audit fees	287,500	287,500
Sundry creditors	-	-
	287,500	287,500

14.11 Interest payable

Opening balance	480,709,541	297,621,424
Add: Interest charge during the year	1,604,764,186	1,436,339,425
Less : Interest paid during the year	1,528,644,654	1,253,251,308
	556,829,074	480,709,541

14.12 Unclaimed dividend

Opening balance	14,290,267	15,711,392
Add: Dividend declared	212,784,000	202,144,800
Less : Adjustment for the year	211,546,948	203,565,925
	15,527,319	14,290,267

15.00 Share Capital

15.01 Authorized Capital:

200,000,000 ordinary shares of Tk.10 each

2,000,000,000

15.02 Issued, Subscribed and fully Paid-up Capital:

117,031,200 ordinary shares of Tk.10 each

2,000,000,000

% of holding:

Sponsors

% of holding

70.13%

General public

29.87%

100.00%

100.00%



2019 Taka	2018 Taka
--------------	--------------

Number of holding:

Sponsors	82,068,521	74,607,751
General public	34,962,679	31,784,249
	117,031,200	106,392,000

15.03 Classification of shareholders by holding as required by Regulation 37 of the Listing Regulations of Dhaka Stock Exchange Limited:

Number of shares	No of shareholders	No of shares	% of holding
Less than 500	2308	257,419	0.22%
501 to 5,000	1903	3,442,257	2.94%
5,001 to 10,000	326	2,320,396	1.98%
10,001 to 20,000	240	3,402,339	2.91%
20,001 to 30,000	70	1,742,082	1.49%
30,001 to 40,000	31	1,083,942	0.93%
40,001 to 50,000	20	926,922	0.79%
50,001 to 100,000	44	3,188,183	2.72%
100,001 to 1,000,000	51	11,565,506	9.88%
Above 1,000,000	22	89,102,154	76.14%
	Total:	5015	117,031,200
			100.00%

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

15.04 Capital Requirement

As per the Section 4(GHA) of the Financial Institutions Rule, 1994 and subsequently updated vide DFIM circular no. 05 dated July 24, 2011 of Bangladesh Bank, an NBFI requires to have Tk.100 crore as its minimum capital which shall be deemed to be adequate capital. When the core capital equals or exceeds its minimum capital then the capital shall be treated as adequate capital of NBFI. Core capital consists of paid-up capital, retained earnings, statutory reserve and balance of current year's profit but in case of total capital it includes core capital plus general provision on good loans/leases. Status of the capital has given below:

Core capital (paid-up capital, retained earnings & statutory reserve etc.)

1,892,129,727	1,761,714,200
(1,000,000,000)	(1,000,000,000)

Less: Required minimum capital

Surplus over minimum required capital

892,129,727	761,714,200
--------------------	--------------------

Core capital (paid-up capital, retained earnings & statutory reserve etc.)

1,892,129,727	1,761,714,200
124,624,763	110,765,355
2,016,754,490	1,872,479,555
(1,000,000,000)	(1,000,000,000)
1,016,754,490	872,479,555

Add: Provision on good loan/leases

Total capital

Less: Required minimum capital

15.05 Capital Adequacy Ratio-As per BASEL-II

1. Tier-1 (Core Capital)

- 1.1 Fully Paid-up Capital/Capital Deposited with BB
- 1.2 Statutory Reserve
- 1.3 Non-repayable share premium account
- 1.4 General Reserve
- 1.5 Retained Earnings
- 1.6 Minority interest in Subsidiaries
- 1.7 Non-Cumulative irredeemable Preference shares
- 1.8 Dividend Equalization Account
- 1.9 Others (if any item approved by Bangladesh Bank)
- 1.10' Sub-Total (1.1 to 1.9)

1,170,312,000	1,063,920,000
513,900,723	466,539,218
-	-
207,917,003	243,771,628
-	-
-	-
-	-
-	-
-	-
1,892,129,727	1,774,230,846



		2019 Taka	2018 Taka
Deductions from Tier-1 (Core Capital)			
1.11	Book Value of Goodwill and value of any contingent assets which are shown as assets	-	-
1.12	Shortfall in provisions required against classified assets	-	-
1.13	Shortfall in provisions required against investment in shares	-	-
1.14	Remaining deficit on account of revaluation of investments in securities after netting off from any other surplus on the securities.	-	-
1.15	Any investment exceeding the approved limit.	-	-
1.16	Investments in subsidiaries which are not consolidated	-	-
1.17	Increase in equity capital resulting from a securitization exposure	-	-
1.18	Other (if any)	-	-
1.19	Sub-Total (1.11 to 1.18)	-	-
1.20'	Total Eligible Tier-1 Capital (1.10-1.19)	1,892,129,727	1,774,230,846
2. Tier-2 (Supplementary Capital)			
2.1	General Provision (Unclassified loans up to specified limit + SMA + off Balance Sheet exposure)	130,334,348	130,092,164
2.2	Assets Revaluation Reserve up to 50%	-	-
2.3	Revaluation Reserve for Securities up to 45%	-	-
2.4	Revaluation Reserve for equity instrument up to 10%	-	-
2.5	All other preference shares	-	20,000,000
2.6	Other (if any item approved by Bangladesh Bank)	-	-
2.7	Sub-Total (2.1 to 2.6)	130,334,348	150,092,164
2.8	Applicable Deductions if any	-	-
2.9	Total Eligible Tier-2 Capital (2.7-2.8)	130,334,348	150,092,164
Total Capital			
	Total risk weighted assets	2,022,464,075	1,924,323,010
	Required minimum capital 10% of RWA or Tk. 100.00 crore, which is higher.	11,606,816,178	11,584,034,711
	Surplus	1,160,681,618	1,158,403,471
	Capital Adequacy Ratio	861,782,457	765,919,539
		17.45%	16.39%
16.00 Statutory reserve			
	Balance as at 1st January	466,539,218	411,384,918
	Reserve made during the year (note-16.01)	47,361,505	55,154,300
	Balance as at 31st December	513,900,723	466,539,218
16.01 Reserve made during the year *			
	Net Profit/(loss) after taxation	236,807,527	275,771,499
	Applicable Rate	20%	20%
		47,361,505	55,154,300

*In compliance with the clause no 6 of Financial Institutions Regulations, 1994, Financial Institution is required to transfer at least 20% of its profit after tax and before appropriation of dividend in a particular year, if the financial institution's sum of Share Premium Account (if any) and Statutory Reserves is less than the paid up capital of that financial institution. Accordingly, 20% of current year's profit after tax has been transferred to Statutory Reserve Account. Statutory reserve has been created at the rate of 20.00% of the net profit as per Bangladesh Bank's guidelines.



	2019 Taka	2018 Taka
17.00 Retained earnings		
Balance as at 1st January	231,254,982	225,299,229
<i>Add:</i> Net profit after tax for the year	236,807,527	275,771,499
	468,062,509	501,070,728
<i>Less:</i> Allocations:		
Transferred to statutory reserve	(47,361,505)	(55,154,300)
Prior period adjustment (note-14.09)	-	(12,516,646)
Issue of Bonus Share	(106,392,000)	-
Dividend	(106,392,000)	(202,144,800)
	(260,145,505)	(269,815,746)
Balance as at 31st December	207,917,003	231,254,982



		2019 Taka	2018 Taka
18.00	Income statement		
	Income:		
	Interest, discount and other similar income (note: 19.00)	2,051,842,879	1,995,665,758
	Dividend income (note: 21.00)	3,405,417	5,812,457
	Fees, commission & brokerage (note: 22.00)	6,500	57,500
	Gains less losses arising from investment in securities(note: 21.01)	992,417	1,830,619
	Other operating income (note: 23.00)	18,743,844	24,971,263
		2,074,991,057	2,028,337,597
	Expenses:		
	Interest on borrowing, fees and commission (note: 20.00)	1,486,020,924	1,344,114,201
	Losses on loan, advances and leases (note: 31.00)	(23,994,355)	47,662,031
	Administrative expenses	164,368,570	143,786,941
	Other operating expenses (note: 30.00)	15,506,433	15,968,331
	Depreciation on banking assets (note: 29.00)	15,807,434	10,718,782
		1,657,709,007	1,562,250,286
		417,282,050	466,087,311
19.00	Interest income		
	Interest on mortgage loan:		
	Home mortgage loan	1,298,564,281	1,126,788,711
	Commercial mortgage loan	148,440,155	119,010,996
	Project mortgage loan	43,382,258	43,428,690
		1,490,386,694	1,289,228,397
	<i>Less:</i> Interest suspense	-	(15,948,253)
		1,490,386,694	1,273,280,144
	Interest on lease finance:		
	Industrial equipment	2,069,538	4,645,822
	Vehicles	544,568	849,073
	Delinquent interest	4,227,586	33,890,350
	Interest on term finance	94,504,830	121,321,055
		101,346,522	160,706,300
	<i>Less:</i> Interest suspense	-	(8,890,841)
		101,346,522	151,815,459
	Interest on fixed deposits	413,294,498	515,439,169
	Interest on short term deposit	40,512,758	46,740,431
	Interest on loan against FDR	4,139,217	5,803,578
	Interest on staff loan	2,163,189	2,586,977
		2,051,842,879	1,995,665,758
20.00	Interest paid on deposits, borrowings etc.		
	Call money interest	12,717,403	22,268,541
	Secured overdraft interest	11,088,737	19,273,911
	Term deposit interest	462,397,704	565,910,141
	Term loan interest	73,348,758	46,846,279
	Customer Deposit Int. - Kotipoti Scheme	334,261	134,152
	Customer Deposit Int. - Education Pension Scheme	6,029	398
	Customer Deposit Int. - Housing Deposit Scheme	53,115	18,434
	Customer Deposit Int. - Mohila Savings Scheme	112,691	26,258
	Customer Deposit Int. - Money Multiplier Scheme	2,335,525	1,396,955
	Customer deposit interest - Term Deposit	838,005,557	582,900,941
	Customer deposit interest - Income Account	22,183,688	29,610,845
	Customer deposit interest - Double Money Account	24,965,069	21,887,753
	Customer deposit interest - Triple Money Account	6,590,405	6,148,811
	Customer deposit interest-MSS	3,250,920	2,932,940
	Customer deposit interest-MLNR	6,374,787	5,098,504
	HML refinance interest	10,094,523	11,788,325
	SME loan interest	12,161,753	27,871,012
		1,486,020,924	1,344,114,201



		2019 Taka	2018 Taka
21.00	Investment Income		
	Dividend Income (note- 21.01)	3,405,417	5,812,457
	Gains /losses from investment in securities (note-21.02)	992,417	1,830,619
		4,397,834	7,643,076
21.01	Dividend Income *		
	Dividend on ordinary shares	1,842,917	3,624,957
	Dividend on preference shares	1,562,500	2,187,500
		3,405,417	5,812,457
21.02	Gains /losses from investment in securities *		
	Gain on sale of shares	3,707,130	6,142,888
	Loss on sale of shares	(2,714,713)	(4,312,269)
		992,417	1,830,619
*The overall market condition of shares and securities deteriorated during the financial year, which had resulted in diminution of values of shares and securities and decreased payout of dividend from investments in share in various companies. Investment income has significantly decreased due to the aforesaid reason			
22.00	Commission, exchange and brokerage		
	Fees	6,500	57,500
		6,500	57,500
23.00	Other operating income		
	Application, processing and documentation fees	18,739,229	21,386,088
	Delinquent charge-MSS,MLNR etc.	4,615	4,920
	Interest on call Money lending	-	-
	Other income	-	3,580,255
		18,743,844	24,971,263
24.00	Administrative expenses		
24.01	Directors' fees and expenses		
	This represents fees paid for attending board meetings and other committee meetings @ Tk. 8,000/- per attendance per person.	1,124,800	1,950,400
		1,124,800	1,950,400
24.02	Salaries and allowances		
	Salary & allowances (note: 24.02.01)	104,621,737	78,905,173
	Provident fund contribution	5,068,636	4,006,172
	Gratuity	5,409,980	9,514,094
	Bonus	12,584,930	7,971,859
		127,685,283	100,397,298
24.02.01	Salary & allowances		
	This includes managerial remuneration of Taka 85.67 million and balance amount Taka 42.02 million is on account of staff salary, bonus and other allowances. The number of employees including contract based employees were 196 and 181 for the year 2019 & 2018 respectively.		
24.03	Rent, taxes, insurance, electricity etc.		
	Office maintenance	2,382,122	2,048,326
	Office rent (note: 24.03.01)	3,204,665	2,989,200
	Security Guard	1,004,107	1,025,800
	City corporation Taxes	825,006	51,748
	Electricity	2,650,562	2,328,118
	Utilities	253,218	195,246
	Insurance (note: 24.03.02)	1,349,973	1,206,255
		11,669,653	9,844,693
24.03.01	Office rent		
	Rent expense has been charged as per the requirement of IAS-17 but IFRS-16 Leases which came into effect from 1st January 2019 which was not complied for the financial year ended 2019. The company will comply IFRS-16 from the following year.		



		2019 Taka	2018 Taka
24.03.02	Insurance		
	Taka 779,738 being premium paid for insurance coverage against damages/loss of the Company's fixed assets by fire, earthquake etc.		
24.04	Legal expenses		
	Legal and professional	1,420,720	449,500
	Legal charges	-	12,000
	Membership fees and subscription	2,566,920	1,577,568
		3,987,640	2,039,068
25.00	Postage, stamps, telecommunication etc.		
	Courier	145,833	151,005
	Postage	57,360	42,617
	Stamps & security paper	75,758	-
	Telephone, fax & e-mail	1,695,115	1,574,335
		1,974,066	1,767,957
26.00	Stationery, printing, advertisement etc.		
	Printing	1,357,228	745,536
	Stationery	2,225,397	1,496,396
	Business Commission	3,250,318	2,869,390
	Promotion & publicity	3,206,685	14,762,620
		10,039,628	19,873,942
27.00	Managing Director's salary and fees		
	Salary & allowances	5,640,000	5,677,154
	Provident fund contribution	360,000	348,929
	Bonus	1,600,000	1,600,000
		7,600,000	7,626,083
28.00	Auditors' fees	287,500	287,500
29.00	Depreciation on and repairs to assets		
	Depreciation:		
	Building	4,045,596	1,177,686
	Newly acquired Building	2,985,678	4,023,906
	Furniture	2,439,893	1,876,107
	Office equipment	4,552,641	2,219,665
	Motor vehicle	1,396,292	1,063,795
		15,420,100	10,361,159
	Repair and maintenance	387,334	357,623
		15,807,434	10,718,782
30.00	Other expenses		
	Traveling expenses	298,716	212,700
	Conveyance bill	2,697,998	2,547,721
	Training	298,724	444,728
	Bank charges and excise duty	3,285,344	3,452,185
	Books, periodicals and others	-	42,205
	Office refreshments	2,793,435	2,792,258
	Motor car	4,851,312	5,364,645
	Office general expenses	833,168	600,901
	AGM Expenses	217,364	311,599
	Trade License Fees	116,440	111,090
	Computer Software Expenses	28,186	19,941
	Investment expenses share	85,746	68,358
		15,506,433	15,968,331
31.00	Provisions for loan and advances		
	For classified loans, advances and leases	(37,853,763)	28,188,890
	For unclassified loans, advances and leases	13,859,408	19,473,141
		(23,994,355)	47,662,031



		2019 Taka	2018 Taka
31.01	Provision for investments		
	Made during the year (note-7.01.01)	24,131,612	20,416,991
	Recovery during the year	-	(6,415,639)
		24,131,612	14,001,352
31.02	Others		
	Provisions for legal charges	2,560,014	4,494,196
	Provisions for cheque dishonored & clearing charges	(32,424)	(1,771)
		2,527,590	4,492,425
32.00	Earnings per share		
a)	Earnings attributable to the ordinary shareholders(Taka)	236,807,527	275,771,499
b)	Number of ordinary shares outstanding during the year	117,031,200	106,392,000
c)	Weighted average number of ordinary shares outstanding during the year	117,031,200	117,031,200
d)	Basic earnings per share (a/c) (restated)	2.02	2.36
	Prior year Basic Earning Per Share calculation has been revised due to calculation of weighted average number of ordinary shares. Earnings per share (EPS) has been computed by dividing the net profit after tax (NPAT) by the weighted average number of ordinary shares outstanding as on 31st December 2019 as per IAS-33 ^a "Earnings Per Share". No diluted EPS was required to be calculated for the year since there was no scope for dilution of shares during the year.		
33.00	Interest receipts in cash		
	Interest income from loans, advances & leases	2,051,842,879	1,995,665,758
	(Increase)/decrease in interest receivable on loans, advances and leases	-	-
	(Increase)/decrease in other receivable	49,904,612	(68,023,497)
		2,101,747,491	1,927,642,261
34.00	Interest payments		
	Total interest expenses (note: 20.00)	1,486,020,924	1,344,114,201
	<i>Add:</i> Opening balance of interest payable	480,709,542	297,621,424
	<i>Less:</i> Closing balance of interest payable	(556,829,074)	(480,709,542)
		1,409,901,392	1,161,026,083
35.00	Fees and commissions receipts in cash		
	Fees, commission and brokerage (note: 22.00)	6,500	57,500
	<i>Add:</i> Opening balance of fees, commission and brokerage	-	-
	<i>Less:</i> Closing balance of fees, commission and brokerage	-	-
		6,500	57,500
36.00	Cash payments to employees		
	Staff salaries and allowances (note: 24.02)	127,685,283	100,397,298
	Managing Director's salaries and allowances (note: 27.00)	7,600,000	7,626,083
	<i>Add:</i> Opening balance of staff dues	5,152,179	7,245,677
	<i>Less:</i> Closing balance of staff dues	(5,333,355)	(5,152,179)
		135,104,107	110,116,879
37.00	Cash payments to suppliers		
	Printing, stationary and advertisement etc. (note: 26.00)	10,039,628	19,873,942
	Postage, stamps, telecommunication etc. (note: 25.00)	1,974,066	1,767,957
	Repair & maintenance (note: 29.00)	387,334	357,623
	<i>Add:</i> Opening balance of suppliers dues	-	-
	<i>Less:</i> Closing balance of suppliers dues	-	-
		12,401,028	21,999,522
38.00	Receipts from other operating activities		
	Other operating income (note: 23.00)	18,743,844	24,971,263
	Profit on sale of share (note: 21.01)	3,707,130	6,142,888
	Loss on sale of share (note: 21.01)	(2,714,713)	(4,312,269)
		19,736,261	26,801,882



		2019 Taka	2018 Taka
39.00	Payments for other operating activities		
Directors' fees		1,124,800	1,950,400
Legal expenses		3,987,640	2,039,068
Auditor's fees		287,500	287,500
Office occupancy cost		6,590,894	2,048,326
City Corporation Taxes		825,006	51,748
Electricity		2,650,562	2,328,118
Utilities		253,218	195,246
Insurance		1,349,973	1,206,255
Other expenses (note: 30.00)		15,506,433	15,968,331
<i>Add:</i> Opening balance of outstanding payable		287,500	287,500
<i>Less:</i> Closing balance of outstanding payable		(287,500)	(287,500)
		32,576,026	26,074,992
40.00	Increase/(Decrease) of other deposits		
Closing balance:			
Term deposits		13,233,847,419	16,136,881,144
Other deposits		11,702,321	12,117,263
		13,245,549,740	16,148,998,406
Opening balance:			
Term deposits		16,136,881,144	11,654,983,097
Other deposits		12,117,263	13,181,489
		16,148,998,406	11,668,164,586
		(2,903,448,667)	4,480,833,820
41.00	Sanction and disbursement		
Sanction		3,938,251,913	4,553,200,000
Disbursement		2,627,006,436	3,249,937,121
Undisbursed		1,311,245,477	1,303,262,879
41.01	Contingent liabilities		
Government		-	-
Directors		-	-
Bank and other Financial Institution		-	-
Other		1,311,245,477	1,303,262,879
42.00	Net Asset Value (NAV) per Share		
Net Asset (Total assets less total liabilities) (A)		1,892,129,727	1,774,230,847
Total number of ordinary shares outstanding (B)		117,031,200	117,031,200
Net Asset Value (NAV) per share (A ÷ B) (re-stated)		16.17	15.16
42.01	Net Operating Cash Flow Per Share (NOCFPS)		
Net cash flow from operating activities (A)		(3,515,978,097)	2,777,070,547
Total number of ordinary shares outstanding (B)		117,031,200	117,031,200
Net operating cash flow from operating activities per share (A ÷ B) (re-stated)		(30.04)	23.73

42.01.1 Decrease in cash inflow from operating activities for the year ended 2019 was due to decrease in cash inflow from Loans and deposits from banks and other customers. Cash inflow from Loans and deposits from banks and other customers decreased for the year ended 2019 compare to the year ended 2018. As a result, net operating cash flow per share (NOCFPS) at the year ended of 31 December, 2019 decreased compare to year ended 2018.



43.00

Audit committee of the board

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

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

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

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

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

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

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

43.01

Highlights of overall activities

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

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



20	Income from investments	4,397,834	7,643,076
21	Weighted average earnings per share (restated)	2.02	2.36
22	Price earning ratio (re-stated)	15.79	20.22
23	Return on equity (ROE)	12.96%	15.60%
24	Net asset value per share (NAV) (re-stated)	16.17	15.16

44.00

Company information

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

45.00

Geographical area of operation

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

46.00

Capital expenditure commitment

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

47.00

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

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

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

Fair value measurement :

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

Loss on investment in shares :

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

Interest income :

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

Government stimulus package :

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

Employee benefits

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

48.00

Claims against the company not acknowledge as debt

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



49.00

Credit facility availed

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

50.00

Closing price of share

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

51.00

"Worker's Profit Participation Fund" (WPPF)

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

52.00

Previous year's figures have been rearranged where necessary to conform to current year's presentation. Figures have been rounded nearest Taka.



53 Related party disclosure :

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

53.01 Significant contract where FI is party and wherein Directors have interest-Nil

53.02 Significant contract where the Company is party and wherein Directors have interest - Nil



53.03 There is no loans, advances and leases given to Directors and their related concern.

53.04 Investment in the Securities of Directors and their related concern-Nil

53.05 Related party transactions

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

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

Md. Sarwar Kamal, FCS
Company Secretary

Md. Khalilur Rahman
Managing Director

Md. Kabir Reza, FCMA
Director

Mahmudur Rahman
Acting Chairman



Fixed assets including premises, furniture and fixtures for 2019

(Annexure-A)
Figures in Taka

Particulars	Cost			Depreciation			Written down value as on 31.12.19	Written down value as on 31.12.18	
	Balance as on 01.01.19	Disposed during the year	Addition during the year	Balance as on 31.12.19	Rate	Balance as on 01.01.19	Adjustments for disposal	Charged during the year	Balance as on 31.12.19
Land & building	96,599,093	-	8,000,000	104,509,093	10.00%	28,689,925	-	1,059,917	29,749,842
Newly acquired Building	142,555,215	-	68,938,927	211,494,142	3.00%	12,448,919	-	5,971,357	18,420,276
Furniture	27,711,265	-	7,513,973	35,225,238	10.00%	10,826,310	-	2,439,893	13,266,203
Office equipment	21,254,160	-	13,884,546	35,138,706	20.00%	12,375,498	-	4,552,641	16,928,139
Motor vehicle	9,642,484	-	2,726,281	12,368,765	20.00%	5,387,306	-	1,306,292	6,783,598
Total:	297,672,217	-	101,063,727	398,735,944		69,727,958	-	15,420,100	85,148,058
									313,587,886
									227,944,259

