

## Directors' Report

### Industry Outlook

#### (a) Housing Finance

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

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

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

#### Operational Overview of National Housing

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

(Amount in BDT Million)

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

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

## Directors' Report

### Financial Performance during the Year 2013

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

(Amount in BDT Million)

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

### Credit Rating

On 05 August 2013 CRAB has assigned 'A2' (single A) rating in the Long Term and 'ST-3' in the Short Term to the Company based on financials up to December 31, 2012. Bank/FIs rated as 'A2' (Strong Capacity & High Quality) have strong capacity to meet financial commitments, maintains high quality, with low credit risk, but are susceptible to adverse changes in circumstances and economic conditions. In Short Term Rating Scales and Definitions ST-3 (Average Grade) means average capacity for timely repayment of obligations.

### Dividend

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

## Directors' Report

### Directors

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

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

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

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

### Auditors

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

### Appreciation

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

For and on behalf of the Board.



**Latifur Rahman**  
Chairman