

DIRECTORS' REPORT



DEAR STAKEHOLDERS

I, on behalf of the Board of Directors of National Housing Finance and Investments Limited, have the pleasure to present the Annual Report and Audited Financial Statements of Your Company for the year ended December 31, 2017, together with the Auditors' Report thereon.

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

GENERAL

National Housing Finance and Investments Limited (NHFIL) herein 'the company' 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 equipment 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.

VISION, MISSION, CORE VALUES & CODE OF CONDUCT

The company's Vision, mission, core values and code of conduct are given in the page number 4, 5, & 6 of the Annual Report. The business activities of the organization are conducted at a high level of ethical standards and commitment to the society as a whole.

PRINCIPAL ACTIVITIES OF NHFIL

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

ECONOMIC REVIEW OF THE FINANCIAL YEAR

WORLD ECONOMY REVIEW

The global upswing in economic activity is strengthening, with global growth projected to rise to 3.6 percent in 2017 and 3.7 percent in 2018. Broad-based upward revisions in the euro area, Japan, emerging Asia, emerging Europe, and Russia more than offset downward revisions for the United States and the United Kingdom. But the recovery is not complete: while the baseline outlook is strengthening, growth remains weak in many countries, and inflation is below target in most advanced economies. Commodity exporters, especially of fuel, are particularly hard hit as their adjustment to a sharp step down in foreign earnings continues. And while short-term risks are broadly balanced, medium-term risks are still tilted to the downside. For policymakers, the welcome cyclical pickup in global activity provides an ideal window of opportunity to tackle key challenges- namely to boost potential output while ensuring its benefits are broadly shared, and to build resilience against downside risks.

REGIONAL ECONOMY REVIEW

The outlook for South Asia's economies remains strong. After a slowdown in 2016, largely driven by lower growth in India following the country's currency exchange initiative, South Asia's real GDP growth is expected to pick up to 6.9 percent in 2017 and reach 7.3 percent in 2018. The dispersion of growth rates in the region is also declining and all countries are forecast to increase their rates of expansion. Despite a further strengthening of activity, South Asian inflation is expected to remain relatively stable. Addressing the region's remaining macroeconomic vulnerabilities remains a work in progress. Fiscal deficits and debt levels remain relatively high and are only expected to decline gradually. Vulnerabilities in the financial sector also require attention in several countries. Policymakers should focus on addressing the remaining vulnerabilities and supporting sustained high and socially inclusive growth. Some common areas of priority across the region include domestic revenue generation to support consolidation and generate space for more public investment and targeted social spending, as well as continued structural reforms to address supply-side bottlenecks and enhance the functioning of product and factor markets.

BANGLADESH ECONOMY REVIEW

Bangladesh has experienced high and steady growth for more than a decade, with an average growth of over 6.0 percent. Growth exceeded 7.0 percent during last two years, a decade high, and higher than the average in peer Asian economies, making Bangladesh the 3rd best growth performer in Asia. Provisional estimates of the Bangladesh Bureau of Statistics indicate that real GDP recorded a growth of 7.28 percent in FY17, which was higher than 7.1 percent recorded in FY16. Measured at current market prices, the GDP of Bangladesh in FY17 was estimated at Taka 19,758.2 billion which was 14 percent higher than that of FY16. The per capita GDP is estimated to have been Tk. 58,602.6 in FY17. However, the government has again set a target for GDP growth in FY18 at around 7.4 percent and inflation rate has been targeted at 5.5 percent with an expectation of accelerated growth in agriculture, industry and service sectors. It also expects that the global economy will be improved further and the internal political situation will be stabilized.

Outstanding bank credit (excluding foreign bills and inter-bank items) during FY17 rose by 15.84% to Taka 7723.40 billion as against an increase of 16.16% in FY16.

Bank deposits increased by 10.94% to Taka 9,425.34 billion during FY17 against 13.84% increase in FY16.

Broad money (M2) grew by 10.9% in FY17 against targeted growth of 15.5% and 16.3% actual growths in FY16. Export earnings increased slightly in FY17 to USD 34.84 billion from USD 34.26 billion and Import payments in FY17 stood at USD 43.49 billion registering a positive growth of 9.0 percent compared to USD 39.72 billion in FY16. The flow of inward remittances from Bangladeshi nationals working abroad has been playing an important role in strengthening the current account balance. The remittance witnessed earnings of USD 12.77 billion in FY17 which is, however, 14.5 percent lower compared to USD 14.93 billion in FY16. The shortfall of remittance is due mainly to the prolonged decline in oil prices and economic downturn in the GCC countries.

Financial stability concerns attained high priority in Bangladesh as everywhere else worldwide. Stress testing exercises are now routine practices in Bangladesh as diagnostic and supervisory tools. Bangladesh Bank and all other financial sectors, capital markets, the insurance sector, regulatory authorities in Bangladesh hold regular quarterly consultations toward policy coordination upholding financial stability. To further expand the existing clientele, Bangladesh Bank advises all banks to send their officials to explore new lending opportunities which had not been cultivated yet. These clientele exploration initiatives warrant better connectivity between the lenders and the prospective borrowers who may not typically look creditworthy. These initiatives will hopefully create more productive credit demand and new employment opportunities in the economy. Bangladesh aspires to be a middle-income country by 2021.

This will require increasing GDP growth to 7.5 to 8 percent per year based on accelerated export and remittance growth. Both public and private investment will need to increase as well. Growth will also need to be more inclusive through creation of productive employment opportunities in the domestic economy.

To sustain accelerated and inclusive growth, Bangladesh will need to manage the urbanization process more effectively, as well as prepare for adaptation to climate change impacts. Becoming a middle-income country will require substantial efforts on many fronts. These include strengthening revenue mobilization; tackling energy and infrastructure deficits; deepening financial-sector and external trade reforms; improving labor skills, economic governance, and urban management; and adapting to climate change.

CAPITAL MARKET ACTIVITIES

The DSE broad index and the market capitalization of Dhaka Stock Exchange Limited (DSE) were more stable during July to October 2017. The market was increasing during the first quarter of FY17. The DSEX and the market capitalization increase to Taka 5,719.60 billion and Taka 3,798.30 billion respectively at the end of March 2017 from Taka 4,507.60 billion and Taka 3,185.70 billion in June 2016. However, DSE is considered as the steersman of enrichment. DSE achieved the certificate of ISO 9001:2008 on October 30, 2016 by fulfilling all the requirements of International Organization for Standardization (ISO). DSE has also achieved full membership of the World Federation of Exchanges (WFE) on June 06, 2017 followed by the application for the full membership on January 19, 2015.

MONEY MARKET SCENARIO

Bangladesh Bank pursued a cautious yet growth friendly monetary policy stance for FY17. The weighted average interest rates on deposits increased during FY10-FY13 and then started decreasing from FY14 and reached at 4.84 percent in FY17. Similarly, the weighted average interest rates on lending increased during the period of FY10 to FY12 and started declining thereafter and reached at 9.56 percent in FY17. Weighted average interest rate in the call money market was stable in FY16 at 3.68% to 3.93%.

PERFORMANCE OF FINANCIAL SECTOR

Non-Bank Financial Institutions (NBFIs) are playing a crucial role by providing additional financial services that cannot be always provided by the banks, particularly easy and speedy services necessary for emergency and off-the-cuff requirements in industrial establishments. The NBFIs, with more multifaceted products and services have taken their place in the competitive financial market to satisfy the changing demands of customers. NBFIs also play an important role in the capital market as well as in real estate sector of Bangladesh. Presently, out of 34 NBFIs, 3 are Government-owned, 12 are joint ventures and the rest 19 are privately-owned local entities. Meanwhile, the branch network increased to 246 as on 30 June 2017.

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

NBFIs are allowed to invest in the capital market upto 25 percent of paid up capital. In December 2016, all NBFIs' total investment in capital market was Taka 20.55 billion compared to Taka 19.35 billion in December 2015. Investment in capital market accounted for 2.88 percent of the total assets of all NBFIs. At the end of June 2017, NBFIs total investment in capital market stood at Taka 19.90 billion.

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

INDUSTRY OUTLOOK

HOUSING FINANCE

With rising income, lower housing loan interest rate and growing urban population real estate sector in Bangladesh coming out from the sluggishness of the last five years, finally it enjoying some much needed growth on the demand side. However, political stability, investor confidence and availability of utilities will continue to play a crucial role in organizing the recovery of Bangladesh's Real Estate Sector.

Positive signs are already within sight - the total outstanding housing loans of banks and financial institutions are increasing, significant changes have taken place in total housing loan portfolios; private sector banks with ample deposit resources have been expanding their housing loan portfolios and now have been dominating the market with the largest shares in housing finance as of end June, 2017. The state owned commercial banks had the second largest share during the same time. Besides, private sector specialized housing finance companies also provide a significant amount of housing loans.

The stark truth about the matter is that the country has a little land mass compared with the size of its population; particularly, the great concentration of people in urban areas, most fiercely in Dhaka, the capital, is the lone determinant of the status of the real estate sector. Thus, though depressed now, the real estate market has nothing but to regain its weight in the near future. Moreover, shelter and for that matter housing essentially forms a part of the five-fold Basic Needs of a human being. That need provides for a perennial business opportunity for your company and leads us to expect a reversal of current trend towards a vibrant and gainful housing market in future.

However, sustainable and prodigious developments in the sector will depend on a number of factors: firstly, stabilization of the conditions of politics and economics at the macro level; secondly, restoration of popular confidence in the capacity of the government in providing truly responsible safety and security systems covering threats to life, liberty and wealth; thirdly, re-building of investors' confidence in the capital market; fourthly, re-invigoration of business activities which have lost vigor due to many deterrents ranging from insufficient infrastructural facilities, scarcity of power and energy, poor law and order conditions, dearth of land and labor, inept government services and policies, corruption, bureaucratic inaccessibility, above all, existence of a government apparatus which is still not business-friendly and abounds with rulers distant from business, not with service providers closer to public causes; fifthly, enhancement of the purchasing power of the people by creating opportunities for wage and self-employment; sixthly, reduction of property registration costs; seventhly, allocation of land to developers under public-private partnership; eighthly, reintroducing refinance schemes on soft terms for housing loans for the middle income group, particularly for maiden buyers.

KEY STRENGTHS OF NHFIL

NHFIL's brand strength and the niche we have created for ourselves in the non-banking finance sector in Bangladesh have helped us stay ahead in a highly competitive market. The consumer relationships we have built overtime, the high quality of service that we provide to our clients in terms of convenience and frequent services and our focus on collections and controlling of NPLs have all contributed to increases in our profits, and in turn, creation of value for our

shareholders. Besides, even in a slow and highly competitive industry environment with low customer stickiness and higher loans churn with lower retention levels, we were able to grow our overall asset. In part, this growth rate is also because of the fact that we are extensively growing and hope to grow in the future.

HUMAN RESOURCES- A VITAL ELEMENT TO NHFIL'S SUCCESS

NHFIL, at the very heart of our culture is the ambition to stay ahead of the curve. And the only way to do so is through empowering our most valuable asset- our human resources. Organization-wide, we are enhancing the quality of our human resource practices through engaging more extensively in talent management and creating a pipeline of professionals for succession planning and smooth business continuity. As we focus on enhancing our resource productivity, we are increasingly linking KPIs with compensation, increasingly fostering an entrepreneurial environment with growing decision decentralization and increasingly creating a culture of cost consciousness and value identification in whatever we do.

In a highly competitive marketplace, we are also constantly looking at attracting and retaining the best talents. In addition to compensation standards, what we have come to believe helps retain quality talent is to provide them with a challenging workplace environment that thrives on ideas, innovation and collaboration. I believe that in reinforcing our HR culture and practices, we are also on the path to becoming a much more productive organization by growing our business scale only with incremental and strategic manpower additions.

NEW LOGO NEW ERA

National Housing started its journey with a logo and Mission Statement "Equal Housing Lender" in the year 1998. In this long journey, it has earned a remarkable name in the market and earned the "Trust as a friend" of the customers and other stakeholders. Since inception, NHFIL financed to thousands of customers and they purchased flats or built their own homes. Now the time to enhance the bondage and re-firm the trust for future business success.

In alignment with its vision, National Housing started its' next step with a new logo and mission statement "**Bondhutter Aastha**" to strengthen the trust and confidence of the customers as well as other stakeholders.

SOME OF THE TECHNOLOGICAL INNOVATIONS ADOPTED BY NHFIL

- Enhancing customer service through our dedicated customer relationship management teams that regularly visit and stay in touch with our customers to identify their requirements and also provide advisory services. We are also looking at providing seamless and uniform service to our customers across all our branches as we focus on minimizing their need to visit us, thereby strengthening their convenience.
- We are continuously looking into opportunities of process re-engineering. The aim of this is to cut away inefficiencies that might be present in any of our operational processes, as the increased operational efficiencies will allow us to lower costs and create more value for our shareholders, as well as provide faster solutions to our customers.
- We are increasing technology leverage to fully automate the indigenously developed credit appraisal and assessment that not only helps us proactively identify infection areas and take corrective measures but also helps us in extensive portfolio and database analysis with a view to identify cross selling opportunities and enlarge our loans exposure to quality accounts. Besides, with the online appraisal in place, we will have also quickened our loan disbursement time frames and this will greatly benefited us in terms of providing superior customer service.

ASSESSMENT ON THE INTEREST RATE

At NHFIL, our overall funding and liquidity positions remained comfortable during the year 2017. With excess liquidity in the system driven by continued low credit off take, our asset-liability committee (ALCO) continued to focus on the downward reprising of deposit rates commensurate with market conditions, passing on the benefits of a lower rate to our advances with the result that average lending rates declined throughout the year.

INTERNAL CONTROLS

The Directors of NHFIL have taken reasonable steps open to them to safeguard the assets of the Group and to prevent and detect frauds and any other irregularities. For this purpose the Directors have instituted effective and comprehensive systems of internal controls for identifying, recording, evaluating and managing the risks faced by NHFIL throughout the year and it is being regularly reviewed by the Board of Directors. This comprises internal reviews, internal audit and the whole system of financial and other controls required to carry on the operations in an orderly manner, safeguard the assets, prevent and detect frauds and other irregularities and secure, as far as practicable, the accuracy and reliability of the records.

RISK MANAGEMENT

Material Foreseeable Risk Factors NHFIL has an ongoing process in place to identify, evaluate and manage the risks that are faced by it. This process is detailed in the Risk Management Report on pages 49 to 50. The Directors, on a regular basis review the above mentioned process.

CORPORATE GOVERNANCE

In the management of the Company, the Directors have placed emphasis on confirming to the best corporate governance practices and procedures. Accordingly, systems and structures have been introduced or improved from time to time to enhance risk management measures and to improve accountability and transparency. A separate report on Corporate Governance is given on pages 47 to 55 Pursuant to Clause 7.20 of SEC Notification No. SEC/ CMRRCD/200658 /129/ Admin/44 dated 07 August 2012 the Company's compliance status is shown in Annexure-B page 65.

ENVIRONMENTAL FRIENDLY POLICY ADOPTED BY NHFIL

We started to look more closely at the emerging possibilities of 'Green Finance'. We are proud to mention that as we develop the scope and size of the business portfolio comprising green buildings, renewable energy and energy-efficient projects, waste management capability development, initiatives to ensure safety and security of factory workers etc.

TRAINING PROGRAM OF DIRECTORS

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

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

- A formal corporate induction, including an introduction to the Board, and a detailed overview of NHFIL, its strategy, operational structures and business activities;
- The roles and responsibilities of a Director, including statutory duties and responsibilities as per the code of conduct duly approved by the Board;
- A comprehensive induction program tailored by the Chairman and meetings with senior executives across NHFIL and sessions with NHFIL's business divisions; and
- A code of conduct has been also adopted by the Board to be followed by its members and annual compliance of the code is ensured. Besides, all relevant regulations promulgated/circulated time to time by the concerned authorities are placed to the Board Meeting on a regular basis to keep the members updated.

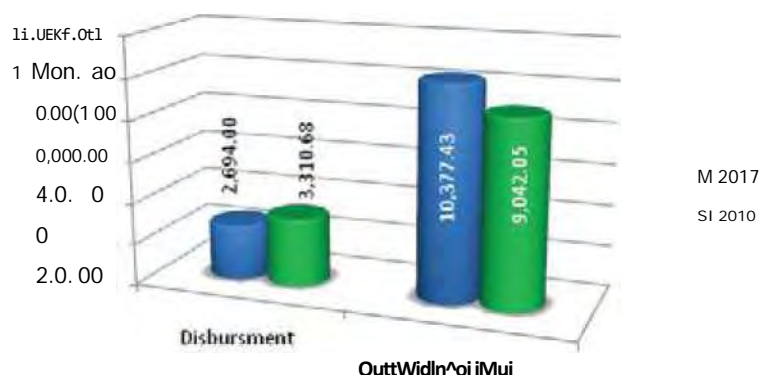
OPERATIONAL OVERVIEW OF NATIONAL HOUSING

National Housing has been able to maintain a stable business volume during 2017 which can be seen from the data furnished below:

(Amount in BDT Million)

Particulars	2017		2016	
	Disbursement	Outstanding Portfolio	Disbursement	Outstanding Portfolio
Home mortgage loan	2,174.44	8,891.55	2,856.04	7,604.64
Lease & Term finance including SME and other	519.56	1,485.88	454.64	1,437.41
Total:	2,694.00	10,377.43	3,310.68	9,042.05

Bar chart with different colors (Fig 01)



The total portfolio of the Company reached to Tk. 10,377.43 million from Tk. 9,042.05 million during 2017, registering a growth rate of 14.77%.

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

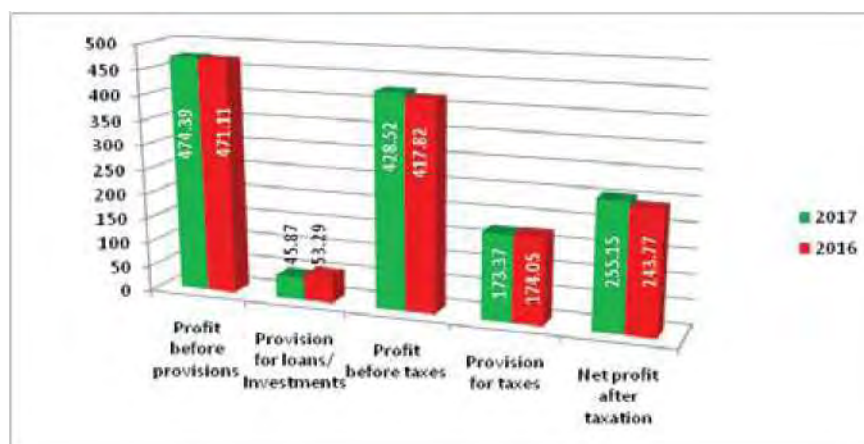
FINANCIAL PERFORMANCE DURING THE YEAR 2017

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

(Amount in BDT Million)

Particulars	2017					2016
	Q1	Q2	Q3	Q4	Yearly	
Net interest income	124.59	161.67	125.73	165.94	577.93	562.36
Total operating income	140.20	169.86	135.60	180.86	626.52	603.29
Total operating expenses	31.52	35.89	36.33	48.39	152.13	132.18
Profit before provisions	108.68	133.97	99.27	132.47	474.39	471.11
Provision for loans/ Investments	10.71	25.31	16.46	(6.61)	45.87	53.29
Profit before taxes	97.97	108.66	82.81	139.08	428.52	417.82
Provision for taxes	38.85	34.08	38.61	61.83	173.37	174.05
Net profit after taxation	59.12	74.58	44.20	72.25	255.15	243.77

Bar chart with different colors (Fig 02)



INCREASING THE SCOPE OF OPERATIONS

One of the key strengths of our corporate division is that it is highly adaptable to emerging market requirements. Plus, the team here possesses a strong network and relationships with some of the largest corporate houses of the country, exposing the business to numerous opportunities not just in terms of catering to sophisticated customer requirements but also in nation building as they create assets that are of national importance.

FINANCIAL STATEMENTS

The Financial Statements of NHFIL have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) adapted by the Institute of Chartered Accountants of Bangladesh, and comply with the requirements of DFIM circular No # 11 dated 23 December 2009 issued by Department of Financial Institutions and Market of Bangladesh Bank and Bangladesh Bank's other circulars and guidelines, the Companies Act 1994, the Securities and Exchange Rules 1987, the Listing regulations of Dhaka and Chittagong Stock Exchanges. The afore mentioned Financial Statements for the year ended 31 December 2017 duly signed by the Chairman, Managing Director, an 2 (two) Directors are given on pages from 74 which form an integral part of this Annual Report.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

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

AUDITOR'S REPORT

The Auditor of NHFIL is Syful Shamsul Alam & Co. Chartered Accountants. Syful Shamsul Alam & Co. carried out the audit on the Financial Statements of NHFIL for the year ended 31 December 2017 and their report on those Financial Statements, as required by the Companies Act 1994 is given on page 72.

SIGNIFICANT ACCOUNTING POLICIES

Significant Accounting policies adopted in the preparation of the Financial Statements are given on pages from 82 which comply with provisions of BFRSs and the Companies Act 1994.

GOING CONCERN

The Directors after making necessary inquiries and reviews including reviews of the budget for the ensuing year, capital expenditure requirements, future prospects and risks, cash flows and such other matters required to be addressed in the Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Bangladesh and the Bangladesh Securities and Exchange Commission NHFIL has adequate resources to continue operations into the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Financial Statements. Details about going concern assessment of NHFIL are presented in Statement of Going Concern in page 41 of the Annual Report.

CAPITAL EXPENDITURE

Total capital expenditure on acquisition of property, plant and equipment and intangible assets of NHFIL as at 31 December 2017 amounted to BDT 10.26 million which were BDT 216.47 million as at 31 December 2016. Details are given in Annexure-A of Financial Statements

INTEREST IN OTHER ENTITIES

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

RELATED PARTY TRANSACTIONS

Directors have also disclosed transactions that could be classified as Related Party Transactions in terms of Bangladesh Accounting Standard - BAS 24 (Related Party Disclosure) which is adopted in preparation of the Financial Statements. Those transactions disclosed by the Directors are given in note number 54 to the Financial Statements which form an integral part of the Annual Report.

CREDIT RATING

On 15 June, 2017, CRAB assigned 'A1' rating in the Long Term and 'ST-3' in the Short Term to the Company based on financial statements up to 31 December, 2016. Banks/FIs rated as 'AT (Strong Capacity & High Quality)' have strong capacity to meet financial commitments, maintain high quality, with low credit risk, but are susceptible to adverse changes in circumstances and economic conditions. In Short Term Rating Scales and Definitions ST-3 (Average Grade) means average capacity for timely repayment of obligations.

ADDITIONAL DISCLOSURES

The Directors, in accordance with SEC Notification No. SEC/ CMRRCD/200658/129/Admin/44 dated 07 August 2012; confirm compliance with the financial reporting framework for the following;

- The financial statements prepared by the management present fairly the Company's state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained. Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards and International Financial Reporting Standards, as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed as per page No 85 of the Annual Report.
- The system of internal control is sound in design and has been effectively implemented and monitored as per page no 50 of the Annual Report.
- Key operating and financial data of at least preceding five (5) years have been summarized on page no 22 of this Annual Report.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There is no extraordinary gain or loss during the year.
- No significant difference occurs between quarterly financial performance and annual financial statements.
- There are no significant changes in the Company's fixed assets and the market value.
- The company had not enabled any of its directors to acquire benefits by means of acquisition of share or debentures of the company or anybody corporate.

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

The following material event has been occurred after the Balance Sheet Date;

- The Board of Directors has appointed ERA INFOTECH LTD to supply core banking solution including loan processing system, HR module, Mobile apps and internet banking for automation of the core activities of the company.
- The company purchased a floor space measuring 5680 sft. commercial floor space at Aziz Court, 11th Floor, 88-90 Agrabad, Chittagong at a price of approximately BDT. 8,46,44,503 (including registration and Interior) to establish Chittagong Branch and Disaster Recovery Centre (DR) with due consent from Bangladesh Bank.
- The Board of Directors in its 196th Board Meeting held on 18th March 2018 has recommended 19.00% cash dividend subject to the approval of the shareholders at the 19th Annual General Meeting.

DIRECTORS

In terms of the Shareholders' Agreement, the following Directors are to retire in the 19th Annual General meeting.

SL#	Directors to Retire	Organization Represented
01	Mr. Azmal Hossain	Eastern Insurance Co. Ltd
02	Mr. Syed M. Altaf Hossain	Pragati Insurance Co. Ltd
03	Mr. Muminul Haque Chowdhury	Borak Travels (Pvt.) Ltd.
04	Mr. Syed Ali Jowher Rizvi	Overseas Investors Forum (Zambia)

The following shareholders being eligible for re-election expressed their interest to be re-elected as Directors in the 19th AGM:

SL#	Directors to be re-elected	Organization Represented
01	Mr. Azmal Hossain	Eastern Insurance Co. Ltd
02	Mr. Syed M. Altaf Hossain	Pragati Insurance Co. Ltd
03	Mr. Muminul Haque Chowdhury	Borak Travels (Pvt.) Ltd.
04	Mr. Syed Ali Jowher Rizvi	Overseas Investors Forum (Zambia)

SHAREHOLDING PATTERN

NHFIL's shareholding pattern as on December 31, 2017, is disclosed as per the revised CGG of BSEC of this annual report on page no 63.

BOARD MEETING AND ATTENDANCE BY THE DIRECTORS

During the year 2017, a total 12 meetings of the Board were held. Attendance by the Directors and remuneration to the Directors has been summarized on this annual report on page no 60 & 62.

REMUNERATION OF DIRECTORS INCLUDING INDEPENDENT DIRECTORS

Meeting attended by the Directors of National Housing Finance & Investments Limited refer to page no 60 to 62 of this Annual Report under the Corporate Governance Report.

PROPOSED DIVIDEND

NHFIL has earned a net profit after tax of TK. 255.15 million as against TK. 243.77 million in the previous year. The Board of Directors recommended 19 % Cash Dividend i.e. Tk. 1.90 for each share for the year ended 31st December, 2017, subject to approval at the 19th Annual General Meeting.

PLAN FOR UTILIZATION OF UNDISTRIBUTED PROFITS

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

RESERVES

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

Particulars	2017	2016
Statutory Reserve	411,384,918	360,355,287
Retained Earnings	225,299,229	212,686,303
Total Reserves	636,684,147	573,041,590

Audit Information

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

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

AUDITORS

The Company's Auditors, M/s. Syful Shamsul Alam & Co., Chartered Accountants shall retire at the 19th AGM. Being eligible for re-appointment for the year 2018 they have expressed their interest to be re-appointed. Upon appraisal by the Audit Committee, the Board of Directors of the Company recommended the re-appointment of M/s. Syful Shamsul Alam & Co., Chartered Accountants, for the year 2018 at a remuneration of Tk. 250,000.00.

APPRECIATION

I attain this opportunity to express, on behalf of the Board of Directors, our gratitude and sincere thanks to you, the shareholders of the company and our partners in business, and our clients of all strata, for remaining with us through good times and bad times and offering sustained patronage and support. I and the Directors also express our gratefulness to Bangladesh Bank and other regulatory authorities for their valuable guidance. At last but not least, the Board has the pleasure to put on record its appreciation of the diligent and dedicated services provided by all our employees for moving the company forward.



Latifur Rahman
Chairman
Dhaka, Dated 18 March 2018