

National Housing Finance and Investments Limited

Auditors' Report and Financial Statements

For the year ended 31 December 2017

**Independent Auditors' Report
to the shareholders of
National Housing Finance and Investments Limited**

We have audited the accompanying financial statements of National Housing Finance and Investments Limited ("the Company"), which comprises the Balance sheet as at 31 December 2017, and the Profit & Loss account, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

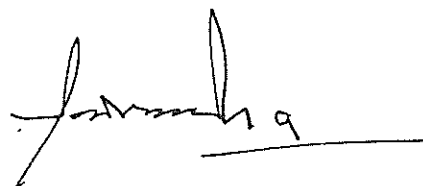
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable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

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

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

Opinion

In our opinion, the financial statements of the Company give a true and fair view of the financial position of the company as at 31 December 2017, and of its financial performance and cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRS) and comply with the Financial Institution Act, 1993, the rules and regulations issued by Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations..



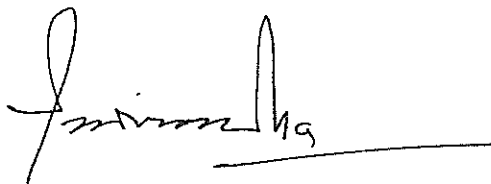
Other matter

The financial statements of the company as at and for the year ended 31 December 2016 were audited by Howlader Yunus & Co., Chartered Accountants who expressed an unmodified opinion on those statements on 04 April 2017.

Report on Other Legal and Regulatory Requirements

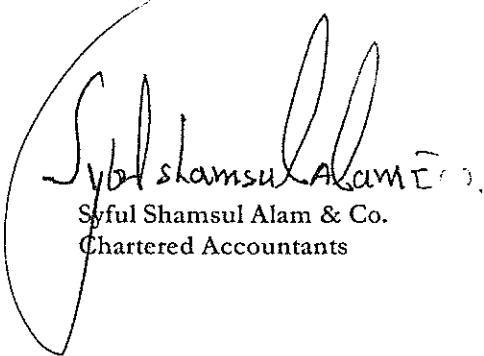
We also report that:

- i) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof and found satisfactory;
- ii) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
- iii) the balance sheet and profit and loss of the Company together with annexed notes from 1 to 54 dealt with by the report are in agreement with the books of account and returns;
- iv) the expenditure incurred was for the purpose of the Company's business so far it appeared to our examination on a test basis;
- v) the financial statements of the Company have been drawn up in conformity with the Financial Institution Act 1993 and in accordance with the accounting rules and regulations issued by the Bangladesh Bank to the extent applicable to the Company;
- vi) the records and accounts of the branches have been properly maintained in the financial statements;
- vii) provisions have been made for loans, leases & advances, interest suspense and other assets which are, in our opinion, doubtful of recovery and Bangladesh Bank's instructions in this regard have been followed properly;
- viii) prevailing laws, rules, regulation and policies are complied with while sanctioning and disbursing loans/leases; so far as it appeared from the review related documents on test basis.
- ix) statements sent to Bangladesh Bank has been checked on sample basis and to the best of our knowledge, no inaccuracy has come to our attention;
- x) taxes and other duties collected and deposited to Government treasury by the company were found satisfactory as it appeared from our examination on test basis;
- 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 & liabilities;
- xii) proper measures have been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank and the instructions issued by Bangladesh Bank & other regulatory authorities have been complied properly;



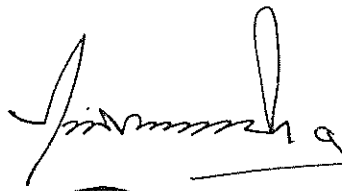
- xiii) the internal control and compliance of the company is satisfactory, and effective measures have been taken to prevent possible fraud, forgery and internal policies are being followed appropriately;
- xiv) the Company has complied with relevant laws pertaining to capital, reserve & net worth, cash & liquid assets and procedure for sanctioning & disbursing loans/leases were found satisfactory;
- xv) the financial statements of the Company conform to the prescribed formats and standards set in the accounting regulations issued by Bangladesh Bank after consultation with the professional accounting body of Bangladesh;
- xvi) we have reviewed over 80% of the risk-weighted assets of the Company during the course of our audit and we have spent over 1,040 person-hours for the audit of books and accounts of the Company; and
- xvii) All other matters which are important for the stakeholders of the company have been adequately disclosed in the audit report.

Place: Dhaka
Dated: 18 March 2018


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

NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED
Balance Sheet
As at December 31, 2017

	Note	2017 Taka	2016 Taka
Property and Assets			
Cash:			
	4.00		
In hand (including foreign currencies)		77,938	3,599
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		212,814,180	164,826,047
		212,892,118	164,889,646
Balance with banks and other financial institutions:			
	5.00		
In Bangladesh		4,813,965,603	2,291,412,919
Outside Bangladesh		-	-
		4,813,965,603	2,291,412,919
Money at call and on short notice			
	6.00		
Investments:	7.00		
Government		-	-
Others		132,094,351	82,280,995
		132,094,351	82,280,995
Loans and advances:			
	8.00		
Loans, cash credits, overdrafts etc.		10,245,332,407	8,959,772,000
Bills purchased and discounted		-	-
		10,245,332,407	8,959,772,000
Fixed assets including premises, furniture and fixtures			
	9.00		
Other assets	10.00	234,161,187	234,721,338
Non-banking assets	11.00	-	-
Total Assets		<u>16,163,196,789</u>	<u>12,250,389,655</u>
Liabilities and capital			
Liabilities:			
Borrowing from other banks, financial institutions and agents	12.00	1,720,842,480	1,009,953,831
Deposits and other accounts:			
	13.00		
Current accounts and other accounts etc.		-	-
Bills payable		-	-
Savings bank deposits		3,930,000,000	2,070,000,000
Fixed deposits		7,724,983,097	6,389,160,000
Bearer certificate of deposits		-	-
Other deposits		13,181,489	18,402,536
		11,668,164,585	8,477,629,762
Other liabilities	14.00	1,073,585,577	1,125,844,472
Total Liabilities		14,462,592,642	10,613,428,066
Capital/Shareholders' equity:			
Paid up capital	15.02	1,063,920,000	1,063,920,000
Statutory reserve	16.00	411,384,918	360,355,200
Retained earnings	17.00	225,299,229	212,686,000
Total Shareholders' equity		<u>1,700,604,147</u>	<u>1,636,961,590</u>
Total liabilities and Shareholders' equity		<u>16,163,196,789</u>	<u>12,250,389,655</u>






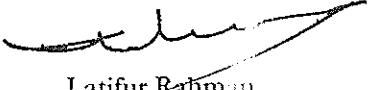
	Note	2017 Taka	2016 Taka
Off-Balance Sheet Items			
Contingent Liabilities:			
Acceptances and endorsements		-	-
Letters of guarantee		-	-
Irrevocable letters of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	22,256,919
		-	22,256,919
Other Commitments:			
Documentary credits and 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	1,472,681,927	625,122,527
Undrawn formal standby facilities, credit lines and other commitments		-	-
		1,472,681,927	625,122,527
Total Off-Balance Sheet Items including contingent liabilities		1,472,681,927	647,379,446

The accompanying notes form an integral part of these financial statements


Md. Khalilur Rahman
Managing Director

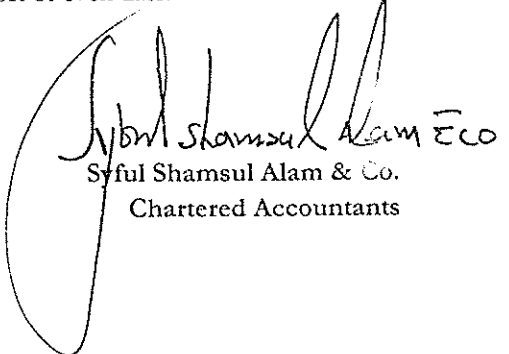

Md. Kabir Reza
Director


Syed Tanveer Hussain
Independent Director


Latifur Rahman
Chairman

This is the balance sheet referred to in our separate report of even date.

Place: Dhaka
Dated: 18 March 2018


Syful Shamsul Alam & Co.
Chartered Accountants

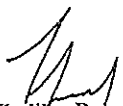
NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED

Profit and Loss Account


For the year ended December 31, 2017


	Note	2017 Taka	2016 Taka
Interest Income	19.00	1,392,628,969	1,187,793,699
Interest paid on deposits, borrowings etc.	20.00	814,692,065	625,428,872
Net interest income		577,936,904	562,364,826
Investment Income	21.00	21,597,797	8,010,174
Commission, exchange and brokerage	22.00	76,480	214,900
Other operating income	23.00	26,907,391	32,706,368
		48,581,668	40,931,442
Total operating income		626,518,572	603,296,269
Salaries and allowances	24.02	86,450,159	73,479,652
Rent, taxes, insurance, electricity etc.	24.03	8,722,465	7,178,200
Legal expenses	24.04	2,345,068	3,172,440
Postage, stamps, telecommunication etc.	25.00	3,357,523	3,390,700
Stationery, printing, advertisement etc.	26.00	17,624,610	15,333,735
Managing Director's salary and fees	27.00	6,004,000	6,004,000
Directors' fees and expenses	24.01	1,950,400	2,171,200
Auditors' fees	28.00	287,500	287,500.00
Charges on loan losses			
Depreciation and repairs to assets	29.00	10,901,047	10,532,662
Other expenses	30.00	14,491,220	10,633,980
Total operating expenses		152,133,992	132,184,069
Profit/ (Loss) before provisions		474,384,580	471,112,200
Provisions for			
Loans, advances and leases	31.00	37,846,681	55,102,806
Diminution in value of investments	31.01	8,159,961	(5,017,887)
Others	31.02	(138,737)	3,205,654
Total provisions		45,867,905	53,290,573
Total profit/(loss) before taxation		428,516,675	417,821,627
Provisions for taxation			
Current	14.08	(172,990,649)	(177,760,363)
Deffered	10.03(a)	(377,870)	3,709,522
		(173,368,518)	(174,050,841)
Net Profit/(loss) after taxation		255,148,157	243,770,786
Appropriations:			
Statutory reserve	16.00	51,029,631	48,754,157
General reserve		-	-
Dividend etc.		-	-
		51,029,631	48,754,157
Retained surplus		204,118,526	195,016,629
Earnings per share	32.00	2.40	2.29

The accompanying notes form an integral part of these financial statements


Md. Khalilur Rahman
Managing Director

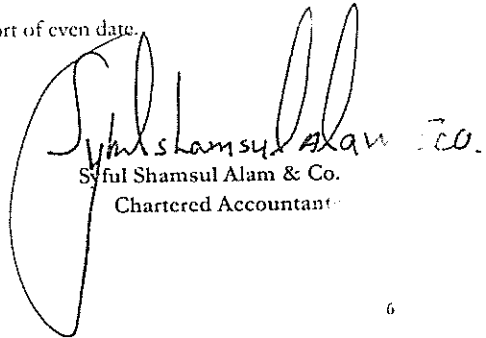

Md. Kabir Reza
Director


Syed Tanveer Hussain
Independent Director


Latifur Rahman
Chairman

This is the profit & loss account referred to in our separate report of even date.

Place: Dhaka
Dated: 18 March 2018



Syed Shamsul Alam & Co.
Chartered Accountants


NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED

Statement of Changes in Equity
For the year ended December 31, 2017


Particulars	<i>Figures in Taka</i>				
	Paid-up Capital	Statutory Reserve	General Reserve	Retained Earnings	Total
Balance as at January 01, 2017	1,063,920,000	360,355,287	-	212,686,303	1,636,961,590
Changes in accounting policy	-	-	-	-	-
Restated balance	1,063,920,000	360,355,287	-	-	-
Surplus/deficit on account of revaluation of properties	-	-	-	212,686,303	1,636,961,590
Surplus/deficit on account of revaluation of Investments	-	-	-	-	-
Currency transaction differences	-	-	-	-	-
Net gain/loss not recognized in the income statement	-	-	-	-	-
Dividends	-	-	-	-	-
Transfer to statutory reserve	-	51,029,631	-	255,148,157	255,148,157
Balance as at December 31, 2017	1,063,920,000	411,384,918	-	225,299,229	1,700,604,147

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


Md. Khafizur Rahman
Managing Director


Md. Kabir Meza
Director


Syed F anveer Hussain
Independent Director


Latifur Rahman
Chairman



NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED

Cash Flow Statement

For the year ended December 31, 2017

	2017 Taka	2016 Taka
A. Cash flows from operating activities		
Interest receipts in cash	1,317,787,612	1,188,610,521
Interest payments	(762,648,456)	(576,262,019)
Dividend receipts	6,732,455	2,972,308
Fees and commissions receipts in cash	76,480	214,900
Recoveries on loans previously written off	-	70,000
Cash payments to employees	(89,631,913)	(79,225,907)
Cash payments to suppliers	(21,192,764)	(19,039,717)
Income taxes paid	(192,207,075)	(172,539,464)
Receipts from other operating activities	41,772,733	33,812,660
Payments for other operating activities	(23,875,525)	(23,344,520)
Cash generated from operating activities before changes in operating assets and liabilities	276,813,548	355,269,008
Increase/(decrease) in operating assets and liabilities:		
Statutory deposits	-	-
Purchase/sale of trading securities	-	-
Loans, advances and leases to the client	(1,322,596,893)	(1,653,986,659)
Other assets	(44,592,111)	(35,051,098)
Term deposits	3,195,822,870	2,933,097,860
Other deposits	(5,288,047)	(7,326,765)
Trading liabilities	-	-
Other liabilities	10,956,361	33,372,436
	1,834,302,180	1,270,101,774
Net cash flow from operating activities	2,111,115,728	1,625,370,782
B. Cash flows from investing activities		
Proceeds from sale of securities	(49,813,356)	260,008
Payments for purchase of securities	-	-
Purchase /sale of property, plant & equipment	(10,130,265)	(216,473,719)
Purchase /sale of subsidiary	-	-
Net cash from investing activities	(59,943,621)	(216,204,141)
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	710,888,649	130,928,111
Dividend paid	(191,505,600)	(180,896,400)
Net cash from financing activities	519,383,049	(49,968,289)
D. Net increase/(decrease) in cash	2,570,555,156	1,359,238,782
E. Effects of exchange rate changes on cash and cash equivalent		
	-	-
F. Cash and cash equivalent at beginning of the year	2,456,302,565	1,097,073,783
G. Cash and cash equivalent at end of the year	5,026,857,721	2,456,302,565
Cash and cash equivalent at end of the year		
Cash in hand (including foreign currencies)	77,938	63,500
Balance with Bangladesh Bank and its agent bank(s) (including foreign currency)	212,814,180	164,800,147
Balance with banks and other financial institutions	4,813,965,603	2,291,442,019
Money at call and on short notice	-	-
	5,026,857,721	2,456,302,565

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

Md. Khalilur Rahman
Managing Director

Md. Khaled Reza
Director

Syed Tanveer Hussain
Independent Director

Latifur Rahman
Chairman




NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED


Liquidity Statement (Maturity Analysis of Assets & Liabilities) As at December 31, 2017


Particulars	Figures in Taka					
	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Asset						
Cash in hand	77,938	-	-	-	-	77,938
Balance with Bangladesh Bank and its agents	212,814,180	-	-	-	-	212,814,180
Balance with other banks and FIs	124,904,929	411,109,300	4,277,951,374	-	-	4,813,965,603
Investments	102,094,351	0	10,000,000	20,000,000	-	132,094,351
Money at call and on short notice	-	-	-	-	-	-
Loans, advances and leases	1,918,388,347	60,343,173	993,373,558	1,591,883,573	5,681,343,755	10,245,332,407
Fixed assets including premises, furnitures and fixtures	-	-	-	-	234,161,187	234,161,187
Other assets	118,892,574	-	328,454,586	77,249,503	154,460	524,751,124
Non-financial institution assets	-	-	-	-	-	-
Total Asset	2,477,172,319	471,452,473	5,609,779,519	1,689,133,076	5,915,659,402	16,163,196,789
Liabilities						
Borrowing from banks, other financial institutions and agents	432,545,000	110,582,589	833,372,036	216,791,000	127,551,855.29	1,720,842,480
Deposits and other accounts	1,705,899,120	-	4,346,304,471	3,141,630,296	2,474,330,698.00	11,668,164,585
Provision & other liabilities	325,452,518	4,270,562	431,849,906	312,012,590	-	1,073,585,576
Total Liabilities	2,463,896,638	114,853,151	5,611,526,413	3,670,433,886	2,601,882,553	14,462,592,642
Net Liquidity Gap	13,275,681	356,599,322	(1,746,895)	(1,981,300,810)	3,313,776,849	1,700,604,147

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

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


Md. Khairul Rahman
 Managing Director


Md. Kabir Reza
 Director


Syed Faiveer Hussain
 Independent Director


Latifur Rahman
 Chairman



NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED
Notes to the Financial Statements
For the year ended December 31, 2017

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 Urtam 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, Bangladesh Accounting Standard (BASs), Bangladesh Financial Reporting Standards (BFRSs), The Companies Act 1994, The Securities and Exchange Ordinance 1969, The Securities and Exchange Rule 1987 and other applicable laws and regulations in Bangladesh.

2.02 Basis of Accounting

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

2.03 Disclosure of deviations from few requirements of BAS/BFRS 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 BAS and BFRS. As such the Company has departed from those contradictory requirements of BAS/BFRS in order to comply with the rules and regulations of Bangladesh Bank.



2.03.01 Investment in shares and securities

BFRS: As per requirements of BAS 39 investment in shares and securities generally falls either under “at fair value through profit and loss account” or under “available for sale” where any change in the fair value (as measured in accordance with BFRS 13) at the year-end is taken to profit and loss account or revaluation reserve 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. 11, 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 BAS 39 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 revaluation reserve respectively.

2.03.02 Provision on loans and advances/investments

BFRS: As per BAS 39 an entity should start the impairment assessment by considering whether objective evidence of impairment exists for financial assets that are individually significant. For financial assets that are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

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 BAS 39. At the year end the Company has recognized an accumulated general provision of BDT 91,292,214 (out of accumulated provision of BDT 201,461,896) under liabilities.

2.03.03 Recognition of interest income in suspense

BFRS: Loans and advances to customers are generally classified as 'loans and receivables' as per BAS 39 and interest income is recognized through effective interest rate method over the term of the loan. Once a loan is impaired, interest income is recognized in profit and loss account on the same basis based on revised carrying amount.

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

BFRS: As per BAS 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

In several cases Bangladesh Bank guidelines categories, recognize, measure and present financial instruments differently from those prescribed in BAS 39. As such full disclosure and presentation requirements of BFRS 7 and BAS 32 cannot be made in the financial statements.



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 March 18, 2018.

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 Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) 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 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



2.08 Reporting Period

These financial statements have been prepared for the period from January 01, 2017 to December 31, 2017.

2.09 Cash Flow Statement

BFRS: 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.

2.09.01 Cash and cash equivalent

BFRS: Cash and cash equivalent items should be reported as cash item as per BAS 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.

2.09.02 Non-banking asset

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

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

2.10 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.

National Housing Finance and Investments Limited management is aware about guideline of Bangladesh Bank and implemented Capital Adequacy requirement according to BASEL-II. BASEL-II implementation is headed by Managing Director.

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 BAS 17: Leases to account for lease income. Interest are recognized as and when accrued/earned on the basis of accrual basis of accounting. Interest outstanding more than 2 (two) months for 5 (five) years loan and more than 5 (five) months for over 5 (five) years loan is not recognized as revenue but recognized as interest suspense complying the requirements by the DFIM of Bangladesh Bank.
- Term Finance**
Income from term finance is recognized when interest is accrued, but no interest of installments is taken into account that becomes due for more than 2 (two) months for 5 (five) years loan and more than 5 (five) months for over 5 (five) years loan but recognized as interest suspense complying the requirements by the DFIM circular of Bangladesh Bank.
- Fixed Deposits**
Fixed deposits, if not encashed on due date, is considered automatically renewed at the equivalent current rate of interest. Interest on fixed deposits is recognized as income as and when accrued.
- 3.04.02 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 Bangladesh Accounting Standard (BAS) 17 "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 receive 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 :

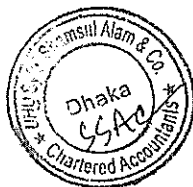
Provision for current year's taxation has been made as per the provision of Income Tax Ordinance 1984 at the ruling rate prescribed in the Finance Act, 2017 and consistent with the past practice.

3.07.02 Deferred Tax

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

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, 2017. 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 the 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 2017 has been stated in post balance sheet events in note 48.00.

3.10 Related party disclosure

As per Bangladesh Accounting Standards (BAS) 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-54.

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

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

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

BAS/BFRS	Reference	Status of Compliance
Presentation of Financial Statements	BAS-01	Applied
Inventories	BAS-02	Not Applicable
Cash Flow Statements	BAS-07	Applied
Accounting Policies, Changes in Accounting Estimates & Errors	BAS-08	Applied
Events after the Reporting Period	BAS-10	Applied
Construction Contract	BAS-11	Not Applicable
Income Taxes	BAS-12	Applied
Property, Plant & Equipment	BAS-16	Applied
Leases	BAS-17	Applied
Revenue	BAS-18	Applied
Employee Benefits	BAS-19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	BAS-20	Not Applicable
The Effect of Changes in Foreign Exchange Rates	BAS-21	Not Applicable
Borrowing Costs	BAS-23	Applied
Related Party Disclosure	BAS-24	Applied
Accounting and Reporting by Retirement Benefit	BAS-26	Not Applicable
Consolidated and Separate Financial Statements	BAS-27	Not Applicable
Investments in Associates	BAS-28	Not Applicable
Financial Instruments: Presentation	BAS-32	Applied



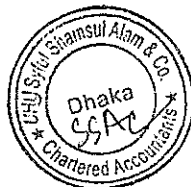
Earnings Per Share	BAS-33	Applied
Interim Financial Reporting	BAS-34	Applied
Impairment of Assets	BAS-36	Applied
Provisions, Contingent Liabilities and Contingent Assets	BAS-37	Applied
Intangible Assets	BAS-38	Applied
Financial Instruments: Recognition and Measurement	BAS-39	Applicable
Investment Property	BAS-40	Not Applicable
Agriculture	BAS-41	Not Applicable
First Time adoption of IFRS	BFRS-1	Not Applicable
Share Based Payment	BFRS-2	Not Applicable
Business Combination	BFRS-3	Not Applicable
Insurance Contracts	BFRS-4	Not Applicable
Non-current Assets held for Sale and Discontinued Operations	BFRS-5	Not Applicable
Explanation for and Evaluation of Mineral Resources	BFRS-6	Not Applicable
Financial Instruments: Disclosures	BFRS-7	Applicable
Operating Segments	BFRS-8	Applied
Joint Arrangements	BFRS-11	Not Applicable
Disclosure of Interests in Other Entities	BFRS-12	Not Applicable
Financial Fair Value Measurement	BFRS-13	Applicable



	2017 Taka	2016 Taka
4.00 Cash		
Cash in hand:		
Local currency	77,938	63,599
Foreign currencies	-	-
	77,938	63,599
Balance with Bangladesh Bank and its agent Bank:		
Local currency	212,814,180	164,826,047
Foreign currencies	-	-
	212,814,180	164,826,047
	<u>212,892,118</u>	<u>164,889,646</u>
4.01 Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR)		
Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR) have been calculated and maintained in accordance with section 19 of the Financial Institutions Act 1993, rules 5 of the Financial Institutions Regulations 1994 and FID circular # 6 dated November 06, 2003.		
The CRR on the Company's term deposits received from public @ 2.50% has been calculated and maintained with Bangladesh Bank in current account and 5.00% SLR, including CRR, on the total liabilities has been maintained in the form of balance with banks and other financial institutions. Both the reserves maintained by the Company are in excess of the statutory requirements. 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	202,824,315	134,420,425
Actual reserve held	212,814,180	164,826,047
Surplus/(deficit)	<u>9,989,864</u>	<u>6,405,622</u>
4.01.02 Statutory Liquidity Reserve (SLR)		
Required reserve	454,925,687	348,453,000
Actual reserve held	3,780,100,485	2,260,957,155
Surplus/(deficit)	<u>3,325,174,798</u>	<u>1,912,504,155</u>
5.00 Balance with banks and other financial institutions		
5.01 In Bangladesh		
On current accounts (note: 5.01.01)	14,287,657	9,250,012
On Short Term Deposit (STD) Accounts (note: 5.01.02)	110,617,272	212,162,900
On Fixed Deposit Account (note: 5.01.03)	4,689,060,674	2,070,000,000
	<u>4,813,965,603</u>	<u>2,291,412,912</u>
Outside Bangladesh		
	<u>4,813,965,603</u>	<u>2,291,412,912</u>
5.01.01 On Current Accounts		
AB Bank Limited	184,465	184,465
Bank Asia Limited	9,205,541	42,266
EXIM Bank Limited	184,149	782,977
National Bank Limited	3,557,098	1,588,221
One Bank Limited	521	521
Woori Bank Limited	2,525	7,125
Trust Bank Limited	14,360	15,510
Mercantile Bank Limited	1,138,708	1,027,526
The City Bank Limited	289	979
	<u>14,287,657</u>	<u>9,250,012</u>



	2017 Taka	2016 Taka
5.01.02 On Short Term Deposit (STD) Accounts		
Islami Bank Bangladesh Limited	4,813,135	229,700
AB Bank Limited	12,936	13,780
Bank Asia Limited	7,148,018	26,953,000
Mutual Trust Bank Limited	28,656	-
Eastern Bank Limited	4,745,135	4,702,302
Exim Bank Limited	4,957	4,752
Jamuna Bank Limited	40,137,029	20,576,417
National Bank Limited	323,849	636,865
One Bank Limited	1,323,487	2,538,340
Premier Bank Limited	2,634,567	9,627,930
Pubali Bank Limited	30,514,242	116,571,550
Shahjalal Islami Bank Limited	2,875,859	1,599,300
Sonali Bank Limited	2,089	2,089
Southeast Bank Limited	7,495,833	7,013,100
Trust Bank Limited	1,610,665	7,198,730
United Commercial Bank Limited	863	1,977
Bank Alfalah Limited	6,320,882	5,603,486
Mercantile Bank Limited	625,069	8,462,464
	110,617,272	212,162,907
5.01.03 On Fixed Deposit Account		
National Finance Limited	200,000,000	-
BD Finance Limited	200,000,000	150,000,000
Meridian Finance Limited	400,000,000	500,000,000
Jamuna Bank Limited	1,600,000,000	550,000,000
Forecast Finance Limited	100,000,000	-
Bangladesh Commerce Bank Limited	20,333,800	-
Bay leasing and Investment Limited	100,000,000	-
Islamic Finance and Investment Limited	100,000,000	-
International Leasing and Financial Services Limited	400,000,000	-
Reliance Finance Limited	200,000,000	-
IPDC Finance Limited	50,000,000	-
CAPM Venture Capital & Finance Limited	200,000,000	150,000,000
Premier leasing & Finance Limited	100,000,000	200,000,000
SBAC Bank Limited	227,951,374	170,000,000
Union Capital Limited	200,000,000	200,000,000
GSP Finance (BD) Limited	150,000,000	100,000,000
Hajj Finance Company Limited	170,000,000	200,000,000
Social Islami Bank Limited	30,000,000	-
MIDAS Financing Limited	100,000,000	150,000,000
Prime Finance & Investment Limited	100,000,000	-
Phoenix Finance & Investments Limited	-	500,000,000
The Farmers Bank Limited	40,775,500	50,000,000
FAS Finance & Investments Limited	-	100,000,000
	4,689,060,674	2,070,000,000
5.02 Maturity Grouping of Balance with other Banks and Financial Institutions		
On demand	124,904,929	221,412,910
Up to 3(three) months	411,109,300	900,000,000
More than 3(three) months but not more than 1(one) year	4,277,951,374	1,070,000,000
More than 1(one) year but not more than 5(five) years	-	100,000,000
More than 5(five) years	-	-
	4,813,965,603	2,291,412,910
6.00 Money at call and on short notice		
With Banking Companies	-	-
	-	-



	2017 Taka	2016 Taka
7.00 Investments		
Government securities		
Other investments (note: 7.01)	132,094,351	82,280,995
	<u>132,094,351</u>	<u>82,280,995</u>
7.01 Other Investments		
Preference Shares	30,000,000	40,000,000
Ordinary Shares (note: 7.01.01)	102,094,351	42,280,995
	<u>132,094,351</u>	<u>82,280,995</u>

7.01.01 Investment in ordinary shares

Name of Company	Cost Price	Number of Shares	Cost Value	Market Price	Market Value as on 31.12.2017	Provision for diminution in value of share
ACI Formulations Limited	202.12	121,833	24,624,996	173.60	21,150,209	3,474,787
The ACME Laboratories Limited	118.34	52,500	6,212,879	114.00	5,985,000	227,879
GSP Finance Company (Bangladesh) Limited	31.49	138,500	4,361,726	30.70	4,251,950	109,776
Jankabangla Finance limited	51.38	123,000	6,319,276	47.80	5,879,400	439,876
Becon Pharmaceuticals Limited	22.88	315,923	7,229,024	21.30	6,729,160	499,864
HDI.C Finance Limited	91.14	100,000	9,114,294	85.30	8,530,000	584,294
United Power Generation and Distribution Company Limited	187.37	26,000	4,871,518	181.10	4,708,600	162,918
Confidence Cement Limited	142.22	5,000	711,079	152.50	762,500	(51,421)
Nahee Aluminum Composite Panel Limited	9.31	6,847	63,772	73.40	502,570	(438,798)
Titas Gas Limited	49.78	347,000	17,272,429	44.20	15,337,400	1,935,029
Bangladesh Shipping Corporation	51.74	144,003	7,451,111	46.70	6,724,940	726,171
Oimex Electrode Limited	10.00	6,480	64,800	65.20	422,496	(357,696)
Golden Harvest Agro Industries Limited	46.19	103,500	4,780,273	42.10	4,357,350	422,923
Dhaka Electric Supply Company Limited	48.15	65,856	3,170,681	45.40	2,989,862	180,819
Lafarge Surma Cement Limited	75.42	77,520	5,846,493	69.90	5,418,648	427,845
Total			102,094,351		93,750,085	8,344,267
Opening Balance					184,305	5,202,192
Charge / (recovery) during the year					8,159,961	(5,017,887)
Balance as on December 31, 2017					<u>8,344,266</u>	<u>184,305</u>

7.01.02 Maturity-wise Grouping

On demand					102,094,351	42,280,995
Up to 3(three) months						10,000,000
More than 3(three) months but not more than 1(one) year					10,000,000	10,000,000
More than 1(one) year but not more than 5(five) years					20,000,000	20,000,000
					<u>132,094,351</u>	<u>82,280,995</u>



	2017 Taka	2016 Taka
8.00 Loans and advances		
Mortgage loans	8,873,727,141	7,593,490,758
Lease finance	98,989,785	190,668,339
Term loans	441,934,218	261,897,825
Small & Medium Enterprises Loan	754,100,735	861,554,712
Loan Against Fixed Deposits	39,621,891	58,989,007
Staff loan (note: 8.05)	36,958,636	29,472,441
	<u>10,245,332,407</u>	<u>8,959,772,086</u>
Note - Figure in 2016 has been restated due to changes in presentation.		
8.01 Maturity-wise Grouping of loans and advances		
Up to 1 (one) months	1,918,388,347	967,200,057
Up to 3(three) months	60,343,173	42,295,480
More than 3(three) months but not more than 1(one) year	993,373,558	1,294,733,789
More than 1(one) year but not more than 5(five) years	1,591,883,573	1,224,588,041
More than 5(five) years	5,681,343,755	5,052,834,718
	<u>10,245,332,407</u>	<u>8,959,772,086</u>
8.02 Loans, Advances and Leases		
In Bangladesh		
Loans	10,146,342,622	7,961,549,034
Leases	98,989,785	994,923,051
Overdraft	-	-
Cash Credit	-	-
	<u>10,245,332,407</u>	<u>8,959,772,086</u>
Outside Bangladesh	-	-
	<u>10,245,332,407</u>	<u>8,959,772,086</u>
8.03 Geographical Location-wise Grouping		
In Bangladesh		
Dhaka division	7,977,298,654	6,992,741,116
Chittagong division	631,565,169	610,370,533
Khulna division	-	-
Sylhet division	-	-
Barisal division	-	-
Rangpur division	411,288,014	271,916,900
Rajshahi division	1,225,180,569	1,059,143,500
	<u>10,245,332,407</u>	<u>8,959,772,086</u>
Outside Bangladesh	-	-
	<u>10,245,332,407</u>	<u>8,959,772,086</u>
8.04 Significant Concentration-wise Grouping		
Directors & their related parties (Note: 54.00)		
Staff:		
Managing Director	-	-
Senior Executives	36,958,636	29,472,441
Others	39,621,891	58,989,007
	<u>76,580,527</u>	<u>88,461,448</u>
Industries:		
Agricultural loan	336,794,722	401,600,215
Large and medium enterprises	754,100,735	912,017,536
Small and cottage	204,129,281	8,071,823
	<u>1,295,024,738</u>	<u>1,351,785,574</u>
Mortgage Loan		
Home mortgage loan	7,491,363,779	6,391,138,516
Commercial mortgage loan	1,081,481,463	790,459,300
Project mortgage loan	300,881,899	337,927,200
	<u>8,873,727,141</u>	<u>7,519,525,016</u>
Trade & commercial		
	<u>10,245,332,407</u>	<u>8,959,772,086</u>



	2017 Taka	2016 Taka
8.05 Staff Loan		
Personal loan	15,472,451	14,496,753
Car loan	3,665,477	3,823,111
House building loan	17,820,708	11,152,511
	<u>36,958,636</u>	<u>29,472,441</u>
8.06 Details of Large Loan		
As at 31st December 2017 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 1,848.38 million and Taka 1,781.80 million respectively as at 2017 & 2016 respectively (note: 15.05).		
8.07 Grouping as per Classification Rules		
Unclassified:		
Standard	9,463,314,673	7,994,286,477
Special Mention Account	257,337,080	522,233,941
Classified:	9,720,651,753	8,516,520,421
Sub-standard	54,576,133	110,429,000
Doubtful	165,343,166	90,120,071
Bad/loss	304,761,355	240,999,048
	<u>524,680,654</u>	<u>443,251,665</u>
	<u>10,245,332,407</u>	<u>8,959,772,086</u>
8.08 Loan Type-wise Classified Loan		
Mortgage loans	305,755,646	239,037,111
Lease finance	63,085,452	65,193,800
Term finance	56,481,686	18,540,800
Small & Medium Enterprises	99,357,870	120,479,700
	<u>524,680,654</u>	<u>443,251,665</u>
8.09 Sector-wise Allocation of Loans, Advances and Leases		
Government		
Private:		
Mortgage loan	7,792,245,678	6,818,065,877
Industry	98,989,785	193,368,311
Term finance	441,934,218	282,897,821
Commercial loan	1,081,481,463	775,423,500
SME Loan	754,100,735	801,554,000
Miscellaneous	76,580,527	88,411,451
	<u>10,245,332,407</u>	<u>8,959,772,086</u>
8.10 Securities Against Loans, Advances and Leases		
Collateral of moveable/immovable assets	8,891,547,849	7,500,677,602
Fixed Deposit Receipts (FDR)	39,621,891	58,989,007
Fixed Deposit of other banks	296,845,995	371,845,900
Personal guarantee	19,137,928	227,647,300
Others	998,178,743	770,612,000
	<u>10,245,332,407</u>	<u>8,959,772,086</u>



				2017	2016
				Taka	Taka
8.11	Particulars of Required Provision for Loans, Advances and Leases				
	Status	Outstanding Loans, Advances and Leases as at 31.12.2017	Base for Provision	Rate of Required Provision	Required Provision
	For Loans, Advances and Leases:				
	Unclassified-General				
	All unclassified Loans	9,463,314,673	9,463,314,673	0.25% & 1%	90,258,213
	Special Mention Account (SMA)	257,337,080	237,092,791	5.00%	11,854,640
	Sub-total:	9,720,651,753	9,700,407,464		102,112,853
	Classified-Specific				
	Sub-standard	54,576,133	6,430,041	20.00%	1,286,008
	Doubtful	165,343,166	65,184,437	50.00%	32,592,219
	Bad/Loss	304,761,355	48,374,235	100.00%	48,374,235
	Sub-total:	524,680,654	119,988,713		82,252,462
	Grand-total:	10,245,332,407	9,820,396,176		184,365,314
8.12	Particulars of Loans, Advances and Leases				
	Loans considered good in respect of which the Company is fully secured				9,228,015,735
	Loans considered good against which the Company holds no security other than debtors' personal guarantee				19,137,928
	Loans considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors				998,178,743
	Loans adversely classified-no provision not maintained there against				-
					<u>10,245,332,407</u>
					<u>8,959,772,000</u>
	Loans due by directors or officers of the bank or any of them either separately or jointly with any other persons				36,958,636
	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-8.09)				304,761,355
	b) Loans written off				38,726,772
	c) Realized from previous written off				-
	d) Provision on bad loans, advances and leases				82,252,462
	e) Interest credited to the interest suspense account (Note-14.05)				110,550,694
	f) Cumulative amount of the written off loans/Leases:				
	Opening balance				259,813,316
	Amount written off during the year				38,726,772
	Cumulative to date				298,540,088
	Recovery from write-off				-
	Written off loans for which law suit filed				298,540,088
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 2017

	2017 Taka	2016 Taka
Cost		
Opening balance	287,217,919	70,741,200
Add: Addition during the year	10,259,241	216,473,719
	<u>297,477,160</u>	<u>287,217,919</u>
Less: Disposed during the year	(1,938,053)	-
Balance as on 31.12.2017	<u>295,539,107</u>	<u>287,217,919</u>
Less: Accumulated depreciation (9.01)	(61,377,920)	(52,496,581)
Written down value as on 31.12.2017	<u><u>234,161,187</u></u>	<u><u>234,721,338</u></u>

9.01 Accumulated depreciation

Opening balance	52,496,581	42,279,155
Add: Depreciation charged during the year	10,690,416	10,217,426
	<u>63,186,997</u>	<u>52,496,581</u>
Less: Adjustment during the year	(1,809,077)	-
Balance as on 31.12.2017	<u><u>61,377,920</u></u>	<u><u>52,496,581</u></u>

For details please refer to Annexure - A



	2017 Taka	2016 Taka
10.00 Other assets		
Income Generating Other Assets:		
Non-income Generating Other Assets:		
Advance against fixed assets	77,249,503	6,604,102
Security deposits	154,460	54,460
Advance income tax (note: 10.01)	326,304,486	430,620,104
Advance against branch office	21,600	5,926
Advance against office rent	2,150,100	2,436,000
Stamp & Security Paper	273,431	146,000
Deferred tax assets (note: 10.03)	3,021,365	3,399,235
Other receivables (note: 10.02)	115,576,178	74,046,645
	<u>524,751,124</u>	<u>517,312,672</u>
10.01 Advance Income Tax		
Balance as at 1st January	430,620,104	258,080,640
Add: Advance tax for the year:		
Tax paid during the year	172,024,136	161,964,017
Tax deducted at source	20,182,939	10,575,817
Less: Adjusted against tax provision	(296,522,692)	-
	<u>(104,315,617)</u>	<u>172,539,464</u>
Balance as at 31st December	<u>326,304,486</u>	<u>430,620,104</u>
10.02 Other Receivables		
Cheque dishonored charges	464,547	782,860
Accounts receivable	3,330,539	9,580,665
Interest on bank deposits	94,700,646	19,859,290
Receivable from Dhaka Stock Exchange Ltd.	4,713,440	-
Receivable from Multi Securities	7,120	8,070
Receivable from FTBL Securities	470,470	3,071,345
Receivable from UPT Co. Ltd	21,440	31,295,886
Legal charges receivable	11,421,158	8,753,837
Others	446,819	694,693
	<u>115,576,178</u>	<u>74,046,645</u>
Note - Figure in 2016 has been restated due to changes in presentation.		
10.03 Deferred tax assets		
Balance as at 1st January	3,399,235	(310,287)
Add: Addition during the year (note: 10.03(a))	(377,870)	3,709,522
	<u>3,021,365</u>	<u>3,399,235</u>
10.03(a) Calculation of deferred tax		
Carrying amount of Fixed Assets (excluding land)	10,690,416	8,904,853
Tax base value of Fixed Assets	18,243,829	18,178,658
Deductible temporary difference	7,553,413	9,273,805
Applicable tax rate	40.00%	40.00%
Deferred tax assets on fixed assets	3,021,365	3,709,522
Deferred tax assets/(liability) at the beginning of year	3,399,235	-
Deferred tax income/(Expenses)	<u>(377,870)</u>	<u>3,709,522</u>
11.00 Non-banking assets	-	-



	2017 Taka	2016 Taka
12.00 Borrowing from banks, other financial institutions and agents		
Secured		
In Bangladesh:		
Secured Overdraft		
Banking companies:		
Eastern Bank Limited	96,591,304	11,971,211
Mercantile Bank Limited	50,032,839	6,062,000
Mutual Trust Bank Limited	402	-
Prime Bank Limited	23,653,048	2,507,601
Pubali Bank Limited	201,380,182	372,867
United Commercial Bank Limited	8,307,590	51,455
	<u>379,965,364</u>	<u>22,066,053</u>
Non-banking financial institution	-	-
	<u>379,965,364</u>	<u>22,066,053</u>
Outside Bangladesh		
Sub-total:	<u>379,965,364</u>	<u>22,066,053</u>
Term Loan :		
Banking companies:		
SBAC Bank Limited	-	7,855,918
Eastern Bank Limited	1,500,000	8,000,000
Woori Bank Ltd.	162,000,000	150,000,000
	<u>163,500,000</u>	<u>165,855,918</u>
Non-banking financial institution	-	-
	<u>163,500,000</u>	<u>165,855,918</u>
Outside Bangladesh		
Sub-total:	<u>163,500,000</u>	<u>165,855,918</u>
Bangladesh Bank Loan:		
SME loan	508,627,235	532,304,206
HML Refinance Scheme	268,749,881	289,727,654
	<u>777,377,116</u>	<u>822,031,860</u>
Un-secured		
Money at call and on short notice:		
Banking companies:		
Sonali Bank Limited	150,000,000	-
Agrani Bank Limited	100,000,000	-
Janata Bank Limited	150,000,000	-
	<u>400,000,000</u>	<u>-</u>
Non-banking financial institution	-	-
	<u>400,000,000</u>	<u>-</u>
Outside Bangladesh		
Sub-total:	<u>400,000,000</u>	<u>-</u>
Total:	<u>1,720,842,480</u>	<u>1,009,951,831</u>
12.01 Remaining Maturity Grouping of Borrowing		
Payable on demand	400,000,000	-
Up to 1 (one) month	32,545,000	240,755,604
Over 1(one) month to 3(three) months	110,582,589	84,182,079
Over 3(three) months to 1(one) year	833,372,036	208,845,608
Over 1(one) year to 5(five) years	216,791,000	476,171,211
More than 5(five) years	127,551,855	-
	<u>1,720,842,480</u>	<u>1,009,951,831</u>
13.00 Deposits and other accounts		
Bank Term deposits	3,930,000,000	2,000,000,000
Customer deposits	7,724,983,097	7,389,160,226
Other deposits (note: 13.02)	13,181,489	18,469,536
	<u>11,668,164,585</u>	<u>8,477,629,762</u>

Note - Figure in 2016 has been rearrange due to changes in presentation.



	2017 Taka	2016 Taka
13.01 Remaining Maturity Grouping of Deposits and Other Accounts		
Payable on demand	400,000,000	-
Within 1(one) month	1,305,899,120	615,049,805
Over 1(one) month to 6(six) months	2,117,697,489	1,698,889,489
Over 6(six) months to 1(one) year	2,228,606,982	1,321,155,281
Over 1(one) year to 5(five) years	3,141,630,296	3,551,318,437
Over 5(five) years to 10(ten) years	2,474,330,698	1,291,216,750
More than 10(ten) years	-	-
	<u>11,668,164,585</u>	<u>8,477,629,762</u>
13.02 Other Deposits		
Home mortgage loan deposit	1,594,993	2,705,382
Margin deposit	2,219,850	3,480,970
Refundable share money deposit	6,210,394	6,210,394
Lease deposit	3,156,252	6,072,790
	<u>13,181,489</u>	<u>18,469,536</u>
14.00 Other liabilities		
Provision for loans, advances, investments and others (note: 14.01 to 14.04)	201,461,896	194,320,711
Interest suspense (note: 14.05)	110,550,694	99,006,389
Provision for gratuity (note: 14.06)	3,903,586	3,113,945
Withholding tax payable	493,190	1,085,910
VAT & Excise duty payable	189,750	631,077
Provision for current tax (note: 14.07)	431,849,906	555,381,950
Interest payable	297,621,424	245,577,815
Accrued expenses (note: 14.09)	287,500	287,500
Unclaimed dividend	15,711,392	11,396,111
Accounts Payable	7,245,677	4,422,431
Sundry deposit	4,270,562	8,066,203
Sundry liabilities	-	1,133,378
	<u>1,073,585,577</u>	<u>1,125,844,472</u>
14.01 Specific Provision on Loans, Advances		
Balance as at 1st January	74,323,684	66,216,571
Less: Fully provided debt written off	(37,036,572)	(4,971,807)
Provision after written off	37,287,112	61,244,764
Add: Provision made during the year	172,152,231	113,601,276
Less: Provision recovered	(115,332,242)	(100,039,268)
Net charge in the profit & loss account	56,819,989	13,009,008
Add: Recoveries of amounts previously written off	-	70,000
Less: Written off of provision no longer required	-	-
Provisions held at 31st December	<u>94,107,101</u>	<u>74,323,687</u>
14.02 General Provision on Loans, Advances and Leases		
Balance as at 1st January	110,265,523	68,171,125
Add: Provision made during the year	94,161,496	286,002,230
Less: Provision recovered	(113,134,804)	(24,285,432)
Net charge in the profit & loss account	(18,973,309)	42,093,798
Balance as at 31st December	<u>91,292,214</u>	<u>110,265,523</u>



	2017 Taka	2016 Taka
14.03 Provision on investments in share		
Balance as at 1st January	184,305	5,202,111
Add: Provision made during the year	13,718,365	3,037,436
Less: Provision recovered	(5,558,404)	(8,017,323)
Net charge in the profit & loss account	<u>8,159,961</u>	<u>(5,017,887)</u>
Balance as at 31st December	<u>8,344,266</u>	<u>184,305</u>
14.04 Provision on others		
Balance as at 1st January	9,547,252	6,922,277
Add: Provision made during the year	564,515	3,889,790
Less: Provision recovered	(703,252)	(684,137)
Net charge in the profit & loss account	<u>9,408,515</u>	<u>10,127,930</u>
Less: Fully provided debt written off	(1,690,200)	(280,678)
Provisions held at 31st December	<u>7,718,315</u>	<u>9,547,252</u>
14.05 Interest Suspense Account		
Balance as at 1st January	99,726,389	74,688,157
Add: Interest suspense charged during the year	179,609,978	110,358,609
Less: Interest suspense realized during the year	(168,785,673)	(84,226,218)
Net charge in the profit & loss account	<u>110,550,694</u>	<u>100,820,548</u>
Less: Interest written off	-	(1,091,159)
Balance as at 31st December	<u>110,550,694</u>	<u>99,726,389</u>
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)		
Balance at 1st January	259,813,316	253,239,200
Net loans/leases written-off during the year	38,726,772	6,644,111
No. of agreements written-off	19	18
No. of clients written-off	16	15
Interest suspense against written-off loans/leases	-	(1,094,159)
Provision adjusted against written-off loans/leases	(38,724,154)	(5,549,955)
Recovery of loans/leases write-off loans/leases	-	70,000
Balance of loans/leases written-off at 31st December 2017	<u>298,540,088</u>	<u>259,813,316</u>
14.06 Provision for Gratuity		
Balance as at 1st January	3,113,945	5,186,711
Add: Provision made during the year	4,099,516	3,420,000
Less: Payment made during the year	(3,309,875)	(5,111,585)
Less: Provision written back during the year	-	-
Balance as at 31st December	<u>3,903,586</u>	<u>3,113,945</u>
14.07 Provision for Current Tax		
Balance as on 1st January	555,381,950	377,621,587
Add: Provision made during the year	162,335,439	177,760,363
Add: Short provision for the year 2014 & 2015	10,655,210	-
Less: Adjustment of advance tax	(296,522,692)	-
Balance as at 31st December	<u>431,849,906</u>	<u>555,381,950</u>
14.08 Provision for taxation Net Charged for in the Profit & Loss Account		
Current tax (note: 14.07)	172,990,649	177,760,363
Add/ (less): Deferred tax	-	-
	<u>172,990,649</u>	<u>177,760,363</u>

Provisions for current tax has been made on the basis of the profit for the year as adjusted for taxation purposes accordance with the provisions of Income Tax Ordinance, 1984 and amendments made thereto. The current rate for the Company is 40.00% on taxable income.



	2017 Taka	2016 Taka
14.09 Accrued Expenses		
Promotion and publicity	-	-
Audit fees	287,500	287,500
Sundry creditors	-	-
	<u>287,500</u>	<u>287,500</u>
15.00 Share Capital		
15.01 Authorized Capital:		
200,000,000 ordinary shares of Tk.10 each	2,000,000,000	2,000,000,000
15.02 Issued, Subscribed and fully Paid-up Capital:		
106,392,000 ordinary shares of Tk.10 each	1,063,920,000	1,063,920,000
% of holding:	% of holding	% of holding
Sponsors	70.02%	81.64
General public	29.98%	18.36
	<u>100.00%</u>	<u>100.00%</u>
Number of holding:		
Sponsors	74,490,451	80,857,557
General public	31,901,549	19,534,443
	<u>106,392,000</u>	<u>106,392,000</u>

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	1929	181,094	0.17%
	501 to 5,000	1150	2,003,698	1.88%
	5,001 to 10,000	132	1,025,200	0.96%
	10,001 to 20,000	56	804,157	0.76%
	20,001 to 30,000	21	563,023	0.53%
	30,001 to 40,000	10	343,887	0.32%
	40,001 to 50,000	9	426,182	0.40%
	50,001 to 100,000	19	1,348,752	1.27%
	100,001 to 1,000,000	34	8,214,218	7.72%
	Above 1,000,000	20	91,481,789	85.79%
	Total:	3380	106,392,000	100.00%

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

15.04 Capital Requirement

As per DIFM circular no. 05 dated July 24, 2011 of Bangladesh Bank, an NBFIL 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 minimum capital then the capital shall be treated as adequate capital of NBFIL. 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.)	1,700,604,147	1,636,961,590
Less: Required minimum capital	(1,000,000,000)	(1,000,000,000)
Surplus over minimum required capital	<u>700,604,147</u>	<u>636,961,590</u>
Core capital (paid-up capital, retained earnings & statutory reserve etc.)	1,700,604,147	1,636,961,590
Add: Provision on good loan/leases	91,292,214	111,265,523
Total capital	<u>1,791,896,361</u>	<u>1,748,227,113</u>
Less: Required minimum capital	(1,000,000,000)	(1,000,000,000)
	<u>791,896,361</u>	<u>748,227,113</u>



	2017 Taka	2016 Taka
15.05 Capital Adequacy Ratio-As per BASEL-II		
I. Tier-1 (Core Capital)		
1.1 Fully Paid-up Capital/Capital Deposited with BB	1,063,920,000	1,063,920,000
1.2 Statutory Reserve	411,384,918	360,355,287
1.3 Non-repayable share premium account	-	-
1.4 General Reserve	-	-
1.5 Retained Earnings	225,299,229	212,686,303
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)	<u>1,700,604,147</u>	<u>1,636,961,590</u>
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)	<u>1,700,604,147</u>	<u>1,636,961,590</u>
2. Tier-2 (Supplementary Capital)		
2.1 General Provision (Unclassified loans up to specified limit + SMA + off Balance Sheet exposure)	116,737,815	104,841,847
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	30,000,000	40,000,000
2.6 Other (if any item approved by Bangladesh Bank)	-	-
2.7 Sub-Total (2.1 to 2.6)	<u>146,737,815</u>	<u>144,841,847</u>
2.8 Applicable Deductions if any	-	-
2.9 Total Eligible Tier-2 Capital (2.7-2.8)	<u>146,737,815</u>	<u>144,841,847</u>
Total Capital	<u>1,847,341,962</u>	<u>1,781,803,437</u>
Total risk weighted assets	10,343,521,712	9,158,416,180
Required minimum capital 10% of RWA or Tk. 100.00 crore, which is higher.	1,034,352,171	1,000,000,000
Surplus	812,989,791	781,803,437
Capital Adequacy Ratio	17.86%	19.57%
16.00 Statutory reserve		
Balance as at 1st January	360,355,287	311,601,129
Reserve made during the year	51,029,631	48,754,157
Balance as at 31st December	<u>411,384,918</u>	<u>360,355,287</u>

Statutory reserve has been created at the rate of 20.00% of the net profit of Tk. 255,148,157 as per Bangladesh Bank's guidelines.



	2017 Taka	2016 Taka
17.00 Retained earnings		
Balance as at 1st January	212,686,303	198,536,071
Add: Net profit after tax for the year	255,148,157	243,770,781
	467,834,460	442,306,860
Less: Allocations:		
Transferred to statutory reserve	(51,029,631)	(48,754,157)
Issue of Bonus Share	-	-
Dividend	(191,505,600)	(180,866,400)
	<u>(242,535,231)</u>	<u>(229,620,557)</u>
Balance as at 31st December	<u><u>225,299,229</u></u>	<u><u>212,686,303</u></u>



	2017 Taka	2016 Taka
18.00		
Income statement		
Income:		
Interest, discount and other similar income (note: 19.00)	1,392,628,969	1,187,703,699
Dividend income (note: 21.00)	6,732,455	6,904,882
Fees, commission & brokerage (note: 22.00)	76,480	214,900
Gains less losses arising from investment in securities (note: 21.00)	14,865,342	1,105,292
Other operating income (note: 23.00)	26,907,391	32,706,368
	<u>1,441,210,637</u>	<u>1,228,725,141</u>
Expenses:		
Interest on borrowing, fees and commission (note: 20.00)	814,692,065	625,428,812
Losses on loan, advances and leases (note: 31.00)	37,846,681	55,102,806
Administrative expenses	126,741,725	111,017,427
Other operating expenses (note: 30.00)	14,491,220	10,633,980
Depreciation on banking assets (note: 29.00)	10,901,047	10,532,662
	<u>1,004,672,738</u>	<u>812,715,747</u>
	<u>436,537,899</u>	<u>416,009,394</u>
19.00		
Interest income		
Interest on mortgage loan:		
Home mortgage loan	878,328,236	831,022,412
Commercial mortgage loan	73,430,376	47,501,526
Project mortgage loan	28,635,955	49,96,589
	<u>980,394,567</u>	<u>927,600,387</u>
Less: Interest suspense	(4,713,078)	(17,486,941)
	<u>975,681,489</u>	<u>910,113,446</u>
Interest on lease finance:		
Industrial equipment	8,969,415	21,678,117
Vehicles	3,972,933	10,758,500
Delinquent interest	13,606,067	20,417,000
	<u>26,548,415</u>	<u>52,853,718</u>
Less: Interest suspense	(6,111,227)	(8,645,450)
	<u>20,437,188</u>	<u>44,203,268</u>
Interest on term finance	106,319,481	156,317,453
Interest on fixed deposits	259,362,741	85,287,497
Interest on short term deposit	22,482,367	5,230,730
Interest on loan against FDR	6,686,352	4,792,630
Interest on staff loan	1,659,351	1,848,600
	<u>1,392,628,969</u>	<u>1,187,793,699</u>
20.00		
Interest paid on deposits, borrowings etc.		
Call money interest	18,390,694	1,394,903
Secured overdraft interest	7,205,632	3,354,829
Term deposit interest	170,601,248	84,314,669
Term loan interest	24,184,419	2,536,100
Customer Deposit Int. - Kotipoti Scheme	4,096	-
Customer Deposit Int. - Housing Deposit Scheme	159	-
Customer Deposit Int. - Mohila Savings Scheme	457	-
Customer Deposit Int. - Money Multiplier Scheme	22,534	-
Customer deposit interest - Term Deposit	485,454,762	415,574,453
Customer deposit interest - Income Account	38,787,347	50,770,056
Customer deposit interest - Double Money Account	22,097,207	20,177,256
Customer deposit interest - Triple Money Account	3,649,105	254,850
Customer deposit interest-MSS	1,985,171	1,076,780
Customer deposit interest-MLNR	3,710,878	2,646,000
HML refinance interest	13,205,515	15,258,000
SME loan interest	25,392,842	25,070,535
	<u>814,692,065</u>	<u>625,428,872</u>



	2017 Taka	2016 Taka
21.00 Investment Income		
Dividend on ordinary shares	2,669,955	1,592,382
Dividend on preference shares	4,062,500	5,312,500
Gain on sale of shares	16,545,190	1,790,316
Loss on sale of shares	(1,679,847)	(685,024)
	<u>21,597,797</u>	<u>8,010,174</u>
22.00 Commission, exchange and brokerage		
Fees	76,480	214,900
	<u>76,480</u>	<u>214,900</u>
23.00 Other operating income		
Application, processing and documentation fees	22,332,192	30,497,358
Delinquent charge-MISS,MLNR etc.	6,419	8,308
Interest on call Money lending	-	153,097
Other income	4,568,780	2,047,613
	<u>26,907,391</u>	<u>32,706,368</u>
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.	1,950,400	2,171,200
	<u>1,950,400</u>	<u>2,171,200</u>
24.02 Salaries and allowances		
Salary & allowances (note: 24.02.01)	66,128,324	58,016,700
Provident fund contribution	3,394,461	2,942,752
Gratuity	4,099,516	3,420,805
Bonus	12,827,858	9,093,365
	<u>86,450,159</u>	<u>73,473,622</u>
24.02.01 This includes managerial remuneration of Taka 58.74 million and balance amount Taka 27.71 million is on account of staff salary, bonus and other allowances. The number of employees including contract based employees were 153 and 151 for the year 2017 & 2016 respectively.		
24.03 Rent, taxes, insurance, electricity etc.		
Office maintenance	1,794,022	1,487,666
Office rent	3,032,170	2,621,352
Security Guard	888,958	756,470
City corporation Taxes	49,248	52,351
Electricity	1,886,065	1,654,872
Utilities	136,716	125,101
Insurance (note: 24.03.01)	935,286	480,188
	<u>8,722,465</u>	<u>7,178,200</u>
Note - Figure in 2016 has been rearrange due to changes in presentation.		
24.03.01 Taka 503,955 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	266,500	1,655,822
Legal charges	300	39,250
Membership fees and subscription	2,078,268	1,477,368
	<u>2,345,068</u>	<u>3,172,440</u>
25.00 Postage, stamps, telecommunication etc.		
Courier	193,158	151,038
Postage	42,515	10,450
Stamps & security paper	1,741,325	1,965,370
Telephone, fax & e-mail	1,380,525	1,263,842
	<u>3,357,523</u>	<u>3,390,700</u>



	2017 Taka	2016 Taka
26.00 Stationery, printing, advertisement etc.		
Printing	2,055,246	542,137
Stationery	1,088,261	844,006
Business Commission	3,103,801	2,900,110
Promotion & publicity	11,377,302	11,037,888
	<u>17,624,610</u>	<u>15,333,735</u>
27.00 Managing Director's salary and fees		
Salary & allowances	4,164,000	4,164,000
Provident fund contribution	240,000	240,000
Bonus	1,600,000	1,600,000
	<u>6,004,000</u>	<u>6,004,000</u>
28.00 Auditors' fees	<u>287,500</u>	<u>287,500</u>
29.00 Depreciation on and repairs to assets		
Depreciation:		
Building	1,308,536	1,453,932
Newly acquired Building	4,148,357	4,276,656
Furniture	2,020,015	1,637,989
Office equipment	1,851,208	1,145,976
Motor vehicle	1,362,300	1,702,873
	<u>10,690,416</u>	<u>10,217,426</u>
Repair and maintenance	210,631	315,236
	<u>10,901,047</u>	<u>10,532,662</u>
30.00 Other expenses		
Traveling expenses	319,492	126,628
Conveyance bill	2,266,389	1,803,892
Training	431,601	186,013
Bank charges and excise duty	2,551,042	1,110,121
Books, periodicals and others	69,918	62,483
Office refreshments	1,873,029	1,142,000
Motor car	5,613,927	5,230,032
Office general expenses	647,626	485,908
AGM Expenses	446,900	349,855
Trade License Fees	112,702	108,480
Computer Software Expenses	132,609	-
Investment expenses share	25,985	26,140
	<u>14,491,220</u>	<u>10,633,980</u>
31.00 Provisions for loan and advances		
For classified loans, advances and leases	56,819,989	13,009,008
For unclassified loans, advances and leases	(18,973,309)	42,093,798
	<u>37,846,681</u>	<u>55,102,806</u>
31.01 Provision for investments		
Made during the year	13,718,365	3,030,436
Recovery during the year	(5,558,404)	(8,057,323)
	<u>8,159,961</u>	<u>(5,017,887)</u>
31.02 Others		
Provisions for legal charges	168,310	3,327,000
Provisions for cheque dishonored & clearing charges	(307,047)	(121,435)
	<u>(138,737)</u>	<u>3,205,654</u>



	2017 Taka	2016 Taka
32.00 Earnings per share		
a) Earnings attributable to the ordinary shareholders(Taka)	255,148,157	243,770,786
b) Number of ordinary shares outstanding during the year	106,392,000	106,392,000
c) Weighted average number of ordinary shares outstanding during the year	106,392,000	106,392,000
d) Basic earnings per share (a/c)	<u>2.40</u>	<u>2.29</u>
<p>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 2017 as per BAS-33 "Earnings Per Share". No diluted EPS was required to be calculated for the year since there was no scope for dilution of shares during the year.</p>		
33.00 Interest receipts in cash		
Interest income from loans, advances & leases	1,392,628,969	1,187,793,699
(Increase)/decrease in interest receivable on loans, advances and leases	-	-
(Increase)/decrease in other receivable	(74,841,357)	816,822
	<u>1,317,787,612</u>	<u>1,188,610,521</u>
34.00 Interest payments		
Total interest expenses (note: 20.00)	814,692,065	625,428,872
Add: Opening balance of interest payable	245,577,815	196,410,961
Less: Closing balance of interest payable	(297,621,424)	(245,577,815)
	<u>762,648,456</u>	<u>576,262,019</u>
35.00 Fees and commissions receipts in cash		
Fees, commission and brokerage (note: 22.00)	76,480	214,900
Add: Opening balance of fees, commission and brokerage	-	-
Less: Closing balance of fees, commission and brokerage	-	-
	<u>76,480</u>	<u>214,900</u>
36.00 Cash payments to employees		
Staff salaries and allowances (note: 24.02)	86,450,159	73,479,652
Managing Director's salaries and allowances (note: 27.00)	6,004,000	6,004,000
Add: Opening balance of staff dues	4,423,431	4,165,686
Less: Closing balance of staff dues	(7,245,677)	(4,423,431)
	<u>89,631,913</u>	<u>79,225,907</u>
37.00 Cash payments to suppliers		
Printing, stationary and advertisement etc. (note: 26.00)	17,624,610	15,333,735
Postage, stamps, telecommunication etc. (note: 25.00)	3,357,523	3,390,700
Repair & maintenance (note: 29.00)	210,631	315,236
Add: Opening balance of suppliers dues	-	-
Less: Closing balance of suppliers dues	-	-
	<u>21,192,764</u>	<u>19,039,671</u>
38.00 Receipts from other operating activities		
Other operating income (note: 23.00)	26,907,391	32,708,368
Profit on sale of share (note: 21.00)	16,545,190	1,790,316
Loss on sale of share (note: 21.00)	(1,679,847)	(685,024)
	<u>41,772,733</u>	<u>33,813,660</u>



	2017 Taka	2016 Taka
39.00 Payments for other operating activities		
Detectors' fees	1,950,400	2,171,200
Legal expenses	2,345,068	3,172,440
Auditor's fees	287,500	287,500
Office occupancy cost	1,794,022	4,470,191
City Corporation Taxes	49,248	51,351
Electricity	1,886,065	1,041,496
Utilities	136,716	1,127,974
Insurance	935,286	480,188
Other expenses (note: 30.00)	14,491,220	10,633,980
Add: Opening balance of outstanding payable	287,500	187,500
Less: Closing balance of outstanding payable	(287,500)	(287,500)
	<u>23,875,525</u>	<u>23,343,370</u>
40.00 Increase/(Decrease) of other deposits		
Closing balance:		
Term deposits	11,654,983,097	8,459,160,226
Other deposits	13,181,489	18,469,536
	11,668,164,585	8,477,629,762
Opening balance:		
Term deposits	8,459,160,226	5,526,062,366
Other deposits	18,469,536	25,796,307
	8,477,629,762	5,551,858,673
	<u>3,190,534,823</u>	<u>2,925,771,095</u>
41.00 Sanction and disbursement		
Sanction	4,166,680,513	3,935,806,883
Disbursement	2,693,998,586	3,310,684,356
Undisbursed	1,472,681,927	625,122,527
41.a Contingent liabilities		
Government	-	-
Directors	-	-
Bank and other Financial Institution	-	-
Other	1,472,681,927	625,122,527

42.00 Audit committee of the board

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

SL No	Name	Status with the Company	Status with the Committee	Educational Qualification
01	Professor Imran Rahman	Independent Director	Chairman	MBA (IBA), BSc (Hco.) in Math. Economics UK
02	Mr. Md. Kabir 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), ACH (UK)
05	Syed Tanveer Hussain	Independent Director	Member	M.A. In Development Economics (USA)



2017
Taka

2016
Taka

The Audit Committee of the Board was duly constituted by the Board of Directors of the Company in accordance with the Bangladesh Bank's DFIM circular no. 13, dated October 26, 2011 and Bangladesh Securities and Exchange Commission notification ref. no. SEC/CMRRC/D/2006-158/129/Admin/43, dated July 03, 2012. During the year the committee met 4(four) times in which among others, the following issues were discussed:

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

43.00 Highlights of overall activities

Highlights of the overall activities of the Company as at end for the year ended 31st December, 2017 are furnished below:

SL #	Details	2017	2016
01	Paid-up Capital	1,063,920,000	1,063,920,000
02	Total Capital	1,700,604,147	1,636,961,590
03	Capital surplus/(deficit)	700,604,147	636,961,590
04	Total assets	16,163,196,789	12,250,389,655
05	Total deposits	11,668,164,585	8,477,629,767
06	Total loans, advances, leases & Others	10,377,426,758	8,959,772,088
07	Total contingent liabilities and commitments	1,472,681,927	647,379,743
08	Credit deposit ratio	88.94%	100.69%
09	% of Classified loans against total loans and advances	5.06%	4.95%
10	Profit after tax and provisions	255,148,157	243,770,786
11	Amount of classified loans during the year	524,680,654	443,251,665
12	Provisions kept against classified loans	82,252,462	49,808,306
13	Provisions surplus/(deficit)	17,096,582	44,764,074
14	Cost of fund	8.06%	9.34%
15	Interest earnings assets	15,404,284,479	11,498,355,641
16	Non-interest earnings assets	758,912,311	752,034,011
17	Return on investments (ROI)	4.93%	5.56%
18	Return on assets (ROA)	1.80%	2.31%
19	Income from investments	21,597,797	8,010,174
20	Weighted average earnings per share	2.40	2.29
21	Net income per share	2.40	2.29
22	Price earning ratio	19.54	15.14
23	Return on equity (ROI?)	15.29%	15.18%
24	Net asset value per share (NAV)	15.98	15.39

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, Chittagong, Bogra and Rangpur in the year 2017.

46.00 Capital expenditure commitment

There was neither any outstanding contract nor any Board authorization for capital expenditure as at December 31 2017.



	2017 Taka	2016 Taka
47.00	Contingent liabilities	
	There is a difference in provision for taxation made by the company and tax claimed by Tax Authority for Taka 22,256,919. The assessment of tax for different year is pending at different Tax Authority. Thus the difference of provision for taxation considered as Contingent Liability.	
48.00	Subsequent events-disclosure under BAS 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 196 th Meeting held on March 18, 2018 has recommended 19.00% cash dividend subject to the approval of the shareholders at the 19 th Annual General Meeting.	
49.00	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.	
50.00	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.	
51.00	Closing price of share	
	The Company traded its ordinary shares in CIBL through DSE & CSE from 1st January 2009. The closing market price on the closing of the year was Tk.47.20 and Tk.46.50 respectively in the DSE & CSE.	
52.00	"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.	
53.00	Previous year's figures have been rearranged where necessary to conform to current year's presentation. Figures have been rounded nearest Taka.	



54.00 Related party disclosure :

Name of Director	Position in NHFIL	Name of the firms/companies in which interest as proprietor, partner, director, managing agent, guarantor, employee etc.
Mr. Latifur Rahman Representing Bangladesh Lamps Ltd.	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. Ltd.	Director	ETBL Holdings Ltd.
		Eastern Trading (Bangladesh) Ltd.
		ETBL Development Construction Ltd.
		ETBL Securities & Exchanges Ltd.
		Progressive Investments Ltd. (successors to the National Rubber
		Century Cold Storage Ltd
		Eastland Insurance Co. Ltd.
International Publications Ltd.		
Mr. M. A. Sabur Representing United Commercial Bank Ltd.	Director	United Commercial Bank Limited
		Maxim Limited
		Maxim International Limited
		Concept Knitting Limited
		Masco Shares & Securities Limited
		Masco Properties Limited
		Masco Poultry Limited
		Masco Cottons Limited
		Masco Services Limited
		Shanta Expressions Limited
		Masco Superknits Limited
Massminu Energy Limited		
Mr. Syed M. Altaf Hussain Representing Pragati Insurance Ltd.	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. Syed Ali Jowher Rizvi	Director	Lankan Alliance Finance Limited
		Alliance Holdings Limited (AHL)
		Oriental Oil Company Ltd
		PIB Steel Alliance Ltd
		Summit Alliance Port Limited
		Ispahani Summit Alliance Terminals Ltd
		Ispahani Alliance Pharmaceuticals Ltd
		Alliance Properties Ltd
		Union Accessories Ltd
		Union Knitting & Dyeing Ltd
		Fountain Garments Manufacturing Ltd
		Rabab Washing Industry Ltd
		Rabab Fashion Industries Ltd
		Alliance Oil Limited
Mr. Akhtar Ahmed Representing Reliance Insurance Ltd.	Director	Reliance Insurance Ltd
Mr. Mumtaz Haque Chowdhury Representing Borak Travels (Pvt.) Limited	Director	Borak Travels (Pvt.) Limited
Mr. Azmal Hossain Representing Eastern Insurance Co. Ltd.	Director	Eastern Insurance Co. Ltd. Hashem Paper Mills Ltd.
Mr. M. Nurul Alam Representing Shaw wallace Bangladesh Ltd.	Director	Shaw Wallace Bangladesh Ltd SW Shipping Ltd.
Mr. Md. Kabir Reza FCMA Representing Square Pharmaceuticals Ltd.	Director	Square Pharmaceuticals Ltd. United Financial Trading Company Limited
Professor Imran Rahman	Independent Director	University of Liberal Arts Bangladesh (ULAB)

- 54.01 Significant contract where FI is party and wherein Directors have interest- Nil
- 54.02 Significant contract where the Company is party and wherein Directors have interest - Nil
- 54.03 There is no loans, advances and leases given to Directors and their related concern.
- 54.04 Investment in the Securities of Directors and their related concern- Nil




54.05 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 Bangladesh 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
United Commercial Bank Ltd. (Sponsor shareholder)	Over draft	(8,307,590)
	STD/CD account	80
National Bank Ltd. (Sponsor Director)	STD/CD account	375,849
National Life Insurance Co. Ltd. (Sponsor Director)	Term deposit	111,350,000
Square Pharmaceuticals Ltd. (Sponsor Director)	Term deposit	1,703,184,112
Reliance Insurance Co. Ltd. (Sponsor Director)	Term deposit	112,063,000
Bangladesh Lamp (Sponsor Director)	Term deposit	25,156,770
		1,943,770,704


Md. Khalilur Rahman
Managing Director


Md. Kabir Reza
Director


Syed Faizur Hussain
Independent Director


Latifur Rahman
Chairman



Fixed assets including premises, furniture and fixtures for 2017

(Annexure-A)

Particulars	Cost			Depreciation			Figures in Taka			
	Balance as on 01.01.17	Disposed during the year	Addition during the year	Balance as on 01.01.17	Rate	Balance as on 31.12.17	Charged during the year	Adjustments for disposal	Written down value as on 31.12.17	Written down value as on 31.12.16
Land & building	96,509,000	-	-	26,203,703	10.00%	27,512,239	1,308,536	-	68,996,854	70,305,390
Newly acquired Building	142,555,115	-	-	4,276,656	3.00%	8,425,013	4,148,357	-	134,130,202	138,278,559
Furniture	22,075,131	389,353	5,543,495	7,333,444	10.00%	9,049,422	2,020,015	304,037	18,180,147	14,741,983
Office equipment	14,540,000	1,548,700	4,715,746	9,956,790	20.00%	10,302,958	1,851,208	1,505,040	7,404,788	4,583,910
Motor vehicle	11,537,184	-	-	4,725,988	20.00%	6,088,288	1,362,300	-	5,449,196	6,811,496
Total:	287,217,919	1,938,053	10,259,241	52,496,581		61,377,920	10,690,416	1,809,077	234,161,187	234,721,338

