

NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED

Auditors' Report and Audited Financial Statements

For the year ended 31 December, 2018

Independent Auditor's Report
To the Shareholders of National Housing Finance and Investments Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of National Housing Finance and Investments Limited (the Company), which comprise the balance sheet as at 31 December 2018 and the profit and loss accounts, statement of changes in equity and cash flow statements for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2.

Basis for Opinion

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

Key Audit Matters

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

Head	Key Audit Matters	Our response to the risk
Loans & Advances	<p><u>Classification</u></p> <p>The classification of loans & advances are determined by specific Bangladesh Bank's circulars which have wide ranging effect on the financial position and performance of the FI, namely through provisioning requirements.</p> <p>Furthermore the calculation of RWA (Risk Weighted Assets) is, to some extent, dependent on the classification of loans and advances which ultimately impact the CAR (Capital Adequacy Ratio) – a significant indicator of FI's health under the BASEL – II regime.</p> <p>Furthermore the recognition and measurement of these Loans & Advances are dictated by Bangladesh Bank's circulars namely</p> <p>FID circular No. 08 dated 03 August 2002 , FID Circular No. 03 dated 03 May 2006, FID Circular No. 05 dated 18 July 2006, FID Circular No. 06 dated 20 August 2006, FID Circular No. 02 dated 05 May 2007 and DFIM Circular No. 04 dated 28 June 2007 respectively which limits the fair implementation of respective IFRSs.</p> <p>The Company's disclosures about classification of loans & advances are included in note 8.07, 8.08 & 8.11.</p>	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> • the credit appraisal, loan disbursement procedures, monitoring and provisioning process; • Identification of loss events, including early warning and default warning indicators; • Reviewed quarterly Financial Institution Classification of Loans (CL); <p>Furthermore we have assessed on test basis the loan application receipt, assessment, documentation and authorization process against Company's policy and Bangladesh Bank's requirements. Legal expert's views regarding securitization of the loans has also been considered.</p> <p>As part of our process we have reviewed the loan files, bank statements, and its provisioning requirements.</p> <p>Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p>
	<p><u>Provisioning & write off:</u></p> <p>The process for estimating the provision for loans and advances portfolio associated with credit risk is significant and complex.</p>	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p>

	<p>For the individual analysis, these provisions consider the estimates of future business performance and the market value of collateral provided for credit transactions.</p> <p>For the collective analysis, these provisions are manually processed that deals with voluminous databases, assumptions and calculations for the provision estimates of complex design and implementation.</p> <p>At year end the Company reported total gross loans and advances of Tk. 12,363,967,591 (2017: Tk. 10,245,332,407) and provision for loans and advances of Tk. 195,286,751 including general provision Tk. 110,765,355 & specific provision Tk. 84,521,396 (2017: Tk. 185,399,315).</p> <p>Provision measurement is primarily dependent upon key assumptions relating to probability of default, ability to repossess collateral and recovery rates.</p> <p>Classified Loans & Advances are written off from the financial statements in accordance with specific Bangladesh Bank's circulars. Writing off of loans & advances has drastic impact on the NPL (Non-Performing Loan). Additionally, the write-off of loans and advances are undertaken in line with Bangladesh Bank's circulars which overrides the requirements of IFRSs.</p> <p>We have focused on the following significant judgments and estimates which could give rise to material misstatement or management bias:</p>	<ul style="list-style-type: none"> • Tested the credit appraisal, loan disbursement procedures, monitoring and provisioning process; • Identification of loss events, including early warning and default warning indicators; • Reviewed quarterly Classification of Loans (CL); <p>Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:</p> <ul style="list-style-type: none"> • Reviewed the adequacy of the companies general and specific provisions; • Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information; <p>Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p>
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	<ul style="list-style-type: none"> • Completeness and timing of recognition of loss events (provisioning requirements) in accordance with criteria set out in FID circular no-3; • For individually assessed provisions, the measurement of the provision may be dependent on the valuation of collateral, estimates of exit values and the timing of cash flows; • Complete identification and timing of loans write-offs including final provisioning adjustment and recognition of qualifying mortgaged assets under non-banking assets. <p>The Company's disclosures about provisioning and write-off of Loans & Advances are included in note. 14.01, 14.02 & 31 and 8.12 respectively.</p>	
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">IT systems and controls</p>	<p>Our audit procedures have a focus on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and IT dependent manual controls.</p> <p>The Company's disclosures relating to its IT systems and controls are included in note 3.13 of the financial statements.</p>	<p>Our firm's own IT Specialist tested the design and operating effectiveness of the Company's IT access controls over the information systems that are critical to financial reporting. We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized. We tested the Company's periodic review of access rights. We inspected requests of changes to systems for appropriate approval and authorization. We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit.</p> <p>Where deficiencies were identified, we tested compensating controls or performed alternate</p>

		<p>procedures. In addition, we understood where relevant, changes were made to the IT landscape during the audit period and tested those changes that had a significant impact on financial reporting.</p>
Legal & Regulatory Matters	<p>We focused on this area because the Company operates in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict.</p> <p>Significant Legal & Regulatory matters pertaining to the Company were:</p> <ul style="list-style-type: none"> • Compliance of rules & regulations, including submission of returns to various regulators; and • Litigation (cases) filed on behalf of or against the Company including any provisioning requirements. <p>These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions which have been established and other contingent liabilities.</p> <p>Overall, the legal provision represents the Company's best estimate for existing legal matters that have a probable and estimable impact on the Company's financial position.</p> <p>The Company's disclosures relating to its legal & regulatory compliance are included in note 3.11 & 2.12 of the financial statements.</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over the legal provision and contingency process.</p> <p>We enquired to those charged with governance to obtain their view on the status of all significant litigation and regulatory matters.</p> <p>We enquired of the Company's internal legal counsel for all significant litigation and regulatory matters and inspected internal notes and reports.</p> <p>We assessed the methodologies on which the provision amounts are based, recalculated the provisions, and tested the completeness and accuracy of the underlying information.</p>
Tax	<p><u>Current Tax:</u></p> <p>The Company reported net current tax liability of Tk. 420,337,010 as at 31 December 2018 (2017: Tk. 431,849,906) and current year tax</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over the recognition and measurement of</p>

	<p>provision of Tk. 170,988,049 (For 2017: Tk. 172,990,649). Current tax was considered significant to our audit due to the pending tax assessments for AY 2012-13, 2013-14 and 2014-15 as the amount of tax liable to the Company is not yet finalized by the tax authorities.</p> <p>The Company's disclosures relating to current tax are included in note 3.07.01 & 14.07 to the financial statements.</p>	<p>current tax and the assumptions used in estimating the Company's tax liability for the current year.</p> <p>Furthermore, we reviewed the correspondences, assessment orders and appeal documents to evaluate the basis of the provisions maintained in the financial statements.</p>
	<p><u>Deferred Tax:</u> The Company reported net deferred tax assets to totaling Tk. 2,187,380 as at 31 December 2018.</p> <p>Significant judgment is required in relation to deferred tax assets as their recoverability is dependent on forecasts of future profitability over a number of years.</p> <p>The Company's disclosures relating to deferred tax are included in note- 3.07.02 & 10.03 of the financial statements.</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over the recognition and measurement of DTAs and the assumptions used in estimating the Group's future taxable income.</p> <p>We also assessed the completeness and accuracy of the data used for the estimations of future taxable income.</p> <p>We involved tax specialists to assess key assumptions, controls, recognition and measurement of DTA's.</p> <p>Finally assessed the appropriateness and presentation of disclosures against IAS 12 Income Tax.</p>

Materiality

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

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

Overall materiality	Tk. 20,308,853 (2017: Tk. 18,172,141)
How we determined it	5% of average profit or loss before tax of the last 5 years
Rational for benchmark applied	Based on the benchmarks used in the Annual Report, profit or loss before tax is a key measure used by the shareholders in assessing the performance of the group, and is a generally accepted auditing benchmark.

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

On the basis of our risk assessments together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2017:75%) of our planning materiality namely Tk. 15,231,640 (2017: Tk. 13,629,105). We have set performance materiality at this percentage due to our previous experience as auditors of the Company from which we concluded that there is a lower expectation of material financial statement inaccuracies due to the Company's limited business nature and only minor audit differences resulting from our prior and current year work. Our approach is consistent with prior year.

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other Legal and Regulatory Requirements

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

- (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of those books;
- (iii) the balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (iv) the expenditures incurred were for the purpose of the Company's business for the year;
- (v) the financial statements of the Company have been drawn up in conformity with the Financial Institutions Act, 1993 and in accordance with the accounting rules and regulations which were issued by Bangladesh Bank to the extent applicable to the Company;

- (vi) provisions have been made for loans, advances, leases, investment and other assets which are, in our opinion, doubtful of recovery and Bangladesh Bank's instructions in this regard have been followed properly;
- (vii) the financial statements of the Company conform to the prescribed standards set in the accounting regulations which were issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- (viii) the records and statements which were submitted by the branches have been properly maintained and recorded in the financial statements;
- (ix) statements sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our attention;
- (x) taxes and other duties were collected and deposited in the Government treasury by the Company as per Government instructions found satisfactory based on test checking;
- (xi) nothing has come to our attention that the Company has adopted any unethical means i.e. 'window dressing' to inflate the profit and mismatch between the maturity of assets and liabilities;
- (xii) proper measures have been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank and the instructions which were issued by Bangladesh Bank and other regulatory authorities have been complied properly as disclosed to us by management;
- (xiii) based on our work as mentioned above under the auditor's responsibility section, the internal control and the compliance of the Company is satisfactory, and effective measures have been taken to prevent possible material fraud, forgery and internal policies are being followed appropriately;
- (xiv) the Company has complied with relevant laws pertaining to capital, reserve and net worth, cash and liquid assets and procedure for sanctioning and disbursing loans/leases found satisfactory;
- (xv) we have reviewed over 80% of the risk weighted assets of the Company and we have spent around 1,848 person hours for the audit of the books and accounts of the Company;
- (xvi) the Company has complied with relevant instructions which were issued by Bangladesh Bank relevant to classification, provisioning and calculation of interest suspense;
- (xvii) the Company has complied with the 'First Schedule' of Bank Companies Act, 1991 in preparing these financial statements; and

Dhaka,
Dated: 18 March 2019

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

NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED
Balance Sheet
As at December 31, 2018

	Note	2018 Taka	2017 Taka
Property and Assets			
Cash:	4.00		
In hand (including foreign currencies)		77,732	77,938
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		194,421,756	212,814,180
		194,499,488	212,892,118
Balance with banks and other financial institutions:	5.00		
In Bangladesh		7,445,254,949	4,813,965,603
Outside Bangladesh		-	-
		7,445,254,949	4,813,965,603
Money at call and on short notice	6.00	-	-
Investments:	7.00		
Government		-	-
Others		129,891,081	132,094,351
		129,891,081	132,094,351
Loans and advances:	8.00		
Loans, cash credits, overdrafts etc.		12,363,967,591	10,245,332,407
Bills purchased and discounted		-	-
		12,363,967,591	10,245,332,407
Fixed assets including premises, furniture and fixtures	9.00	227,944,259	234,161,187
Other assets	10.00	619,296,271	524,751,124
Non-banking assets	11.00	-	-
Total Assets		<u>20,980,853,639</u>	<u>16,163,196,789</u>
Liabilities and capital			
Liabilities:			
Borrowing from other banks, financial institutions and agents	12.00	1,760,754,410	1,720,842,480
Deposits and other accounts:	13.00		
Current accounts and other accounts etc.		-	-
Bills payable		-	-
Savings bank deposits		8,180,000,000	3,930,000,000
Fixed deposits		7,956,881,144	7,724,983,097
Bearer certificate of deposits		-	-
Other deposits		12,117,263	13,181,489
		16,148,998,406	11,668,164,585
Other liabilities	14.00	1,296,869,976	1,073,585,577
Total Liabilities		19,206,622,793	14,462,592,642
Capital/Shareholders' equity:			
Paid up capital	15.02	1,063,920,000	1,063,920,000
Statutory reserve	16.00	466,539,218	411,384,918
Retained earnings	17.00	243,771,628	225,299,229
Total Shareholders' equity		1,774,230,847	1,700,604,147
Total liabilities and Shareholders' equity		<u>20,980,853,639</u>	<u>16,163,196,789</u>



Note	2018 Taka	2017 Taka
Off-Balance Sheet Items		
Contingent Liabilities:		
Acceptances and endorsements	-	-
Letters of guarantee	-	-
Irrevocable letters of credit	-	-
Bills for collection	-	-
Other contingent liabilities	-	-
Other Commitments:		
Documentary credits and short term trade related transactions	-	-
Forward assets purchased and forward deposits placed	-	-
Undrawn note issuance and revolving underwriting facilities	-	-
Un-disbursed contracted loans and leases	41.00 1,303,262,879	1,472,681,927
Undrawn formal standby facilities, credit lines and other commitments	-	-
	1,303,262,879	1,472,681,927
Total Off-Balance Sheet Items including contingent liabilities	1,303,262,879	1,472,681,927

The accompanying notes form an integral part of these financial statements


Md. Khalilur Rahman
Managing Director


Md. Kabir Reza
Director


Syed M. Altaf Hussain
Director


Latifur Rahman
Chairman

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

Place: Dhaka
Dated: 18 March, 2019


Syful Shamsul Alam & Co.
Chartered Accountants

NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED

Profit and Loss Account


For the year ended December 31, 2018

	Note	2018 Taka	2017 Taka
Interest Income	19.00	1,995,665,758	1,392,628,969
Interest paid on deposits, borrowings etc.	20.00	1,344,114,201	814,692,065
Net interest income		651,551,557	577,936,904
Investment Income	21.00	7,643,076	21,597,797
Commission, exchange and brokerage	22.00	57,500	76,480
Other operating income	23.00	24,971,263	26,907,391
		32,671,839	48,581,668
Total operating income		684,223,396	626,518,572
Salaries and allowances	24.02	100,397,298	86,450,159
Rent, taxes, insurance, electricity etc.	24.03	9,844,693	8,722,465
Legal expenses	24.04	2,039,068	2,345,068
Postage, stamps, telecommunication etc.	25.00	1,767,957	3,357,523
Stationery, printing, advertisement etc.	26.00	19,873,942	17,624,610
Managing Director's salary and fees	27.00	7,626,083	6,004,000
Directors' fees and expenses	24.01	1,950,400	1,950,400
Auditors' fees	28.00	287,500	287,500
Charges on loan losses		-	-
Depreciation and repairs to assets	29.00	10,718,782	10,901,047
Other expenses	30.00	15,968,331	14,491,220
Total operating expenses		170,474,054	152,133,992
Profit/ (Loss) before provisions		513,749,342	474,384,580
Provisions for			
Loans, advances and leases	31.00	47,662,031	37,846,681
Diminution in value of investments	31.01	14,001,352	8,159,961
Others	31.02	4,492,425	(138,737)
Total provisions		66,155,808	45,867,905
Total profit/(loss) before taxation		447,593,534	428,516,675
Provisions for taxation			
Current	14.08	(170,988,049)	(172,990,649)
Deffered	10.03(a)	(833,985)	(377,870)
		(171,822,035)	(173,368,518)
Net Profit/(loss) after taxation		275,771,500	255,148,157
Appropriations:			
Statutory reserve	16.00	55,154,300	51,029,631
General reserve		-	-
Dividend etc.		-	-
		55,154,300	51,029,631
Retained surplus		220,617,200	204,118,526
Earnings per share	32.00	2.59	2.40

The accompanying notes form an integral part of these financial statements


Md. Khalilur Rahman
Managing Director


Md. Kabir Reza
Director


Syed M. Altaf Hussain
Director


Latifur Rahman
Chairman

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

Place: Dhaka
Dated: 18 March, 2019


Syful Shamsul Alam & Co.
Chartered Accountants

NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED

Cash Flow Statement

For the year ended December 31, 2018

	2018 Taka	2017 Taka
A. Cash flows from operating activities		
Interest receipts in cash	1,927,642,261	1,317,787,612
Interest payments	(1,161,026,083)	(762,648,456)
Dividend receipts	5,812,457	6,732,455
Fees and commissions receipts in cash	57,500	76,480
Recoveries on loans previously written off	1,860,000	-
Cash payments to employees	(110,116,879)	(89,631,913)
Cash payments to suppliers	(21,999,522)	(21,192,764)
Income taxes paid	(188,556,861)	(192,207,075)
Receipts from other operating activities	26,801,882	41,772,733
Payments for other operating activities	(26,074,992)	(23,875,525)
Cash generated from operating activities before changes in operating assets and liabilities	454,399,763	276,813,548
Increase/(decrease) in operating assets and liabilities:		
Statutory deposits	-	-
Purchase/sale of trading securities	-	-
Loans, advances and leases to the client	(2,157,416,907)	(1,322,596,893)
Other assets	(29,817,900)	(44,592,111)
Term deposits	4,481,898,047	3,195,822,870
Other deposits	(1,064,226)	(5,288,047)
Trading liabilities	-	-
Other liabilities	29,071,771	10,956,361
	2,322,670,785	1,834,302,180
Net cash flow from operating activities	2,777,070,547	2,111,115,728
B. Cash flows from investing activities		
Proceeds from sale of securities	2,203,270	(49,813,356)
Payments for purchase of securities	-	-
Purchase /sale of property, plant & equipment	(4,144,231)	(10,130,265)
Purchase /sale of subsidiary	-	-
Net cash from investing activities	(1,940,961)	(59,943,621)
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	39,911,930	710,888,649
Dividend paid	(202,144,800)	(191,505,600)
Net cash from financing activities	(162,232,870)	519,383,049
D. Net increase/(decrease) in cash	2,612,896,716	2,570,555,156
E. Effects of exchange rate changes on cash and cash equivalent	-	-
F. Cash and cash equivalent at beginning of the year	5,026,857,721	2,456,302,565
G. Cash and cash equivalent at end of the year	7,639,754,437	5,026,857,721
Cash and cash equivalent at end of the year		
Cash in hand (including foreign currencies)	77,732	77,938
Balance with Bangladesh Bank and its agent bank(s) (including foreign currency)	194,421,756	212,814,180
Balance with banks and other financial institutions	7,445,254,949	4,813,965,603
Money at call and on short notice	-	-
	7,639,754,437	5,026,857,721

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. Karim Reza
Director


Syed M. Altaf Hussain
Director


Latifur Rahmar
Chairman



NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED
Statement of Changes in Equity
For the year ended December 31, 2018

Particulars	Figures in Taka				
	Paid-up Capital	Statutory Reserve	General Reserve	Retained Earnings	Total
Balance as at January 01, 2018	1,063,920,000	411,384,918	-	225,299,229	1,700,604,147
Changes in accounting policy	-	-	-	-	-
Restated balance	1,063,920,000	411,384,918	-	225,299,229	1,700,604,147
Surplus/deficit on account of revaluation of properties	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	-	-	-
Currency transaction differences	-	-	-	-	-
Net gain/loss not recognized in the income statement	-	-	-	-	-
Net profit for the year	-	-	-	275,771,500	275,771,500
Dividends	-	-	-	(202,144,800)	(202,144,800)
Transfer to statutory reserve	-	55,154,300	-	(55,154,300)	-
Balance as at December 31, 2018	1,063,920,000	466,539,218	-	243,771,628	1,774,230,847

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. Kabir Reza
 Director


Syed M. Altaf Hussain
 Director


Latifur Rahman
 Chairman



NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED

Liquidity Statement

(Maturity Analysis of Assets & Liabilities)

As at December 31, 2018

Figures in Taka

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Asset						
Cash in hand	77,732	-	-	-	-	77,732
Balance with Bangladesh Bank and its agents	194,421,756	-	-	-	-	194,421,756
Balance with other banks and FIs	255,466,834	961,109,300	4,589,290,920	1,639,387,895	-	7,445,254,949
Investments	109,891,081	10,000,000	10,000,000	-	-	129,891,081
Money at call and on short notice	-	-	-	-	-	-
Loans, advances and leases	1,863,623,027	127,108,173	1,098,438,885	1,939,148,893	7,335,648,613	12,363,967,591
Fixed assets including premises, furnitures and fixtures	-	-	-	-	227,944,259	227,944,259
Other assets	190,252,880	-	334,198,903	94,690,027	154,460	619,296,271
Non-financial institution assets	-	-	-	-	-	-
Total Asset	2,613,733,311	1,098,217,473	6,031,928,709	3,673,226,815	7,563,747,332	20,980,853,639
Liabilities						
Borrowing from banks, other financial institutions and agents	405,110,326	123,119,589	629,630,910	158,731,000	44,162,585.79	1,360,754,410
Deposits and other accounts	1,675,964,120	-	4,955,376,686	3,916,630,296	6,001,027,304.39	16,548,998,406
Provision & other liabilities	500,627,305	14,183,737	420,337,010	361,721,923	-	1,296,869,976
Total Liabilities	2,581,701,751	137,303,326	6,005,344,606	4,437,083,219	6,045,189,890	19,206,622,793
Net Liquidity Gap	32,031,560	960,914,147	26,584,103	(763,856,405)	1,518,557,442	1,774,230,847

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. Khalilur Rahman
Managing Director


Syed M. Altaf Hussain
Director


Latifur Rahman
Chairman



NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED
Notes to the Financial Statements
For the year ended December 31, 2018

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 equipment's including vehicles to individual companies and corporate houses.

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

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

1.02 Principal Activities of NHFIL

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

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

2.01 Statement of Compliance

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

2.02 Basis of Accounting

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

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

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



2.03.01 Investment in shares and securities

IFRS: As per requirements of IAS 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 IFRS 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 IAS 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

IFRS: As per IAS 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 IAS 39. At the year end the Company has recognized an accumulated general provision of BDT 110,765,355 (out of accumulated provision of BDT 229,703,774) under liabilities.

2.03.03 Recognition of interest income in suspense

IFRS: Loans and advances to customers are generally classified as 'loans and receivables' as per IAS 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

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

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

2.03.05 Financial instruments – presentation and disclosure

In several cases Bangladesh Bank guidelines categories, recognize, measure and present financial instruments differently from those prescribed in IAS 39. As such full disclosure and presentation requirements of IFRS 7 and IAS 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, 2019.

2.04.01 Components of the financial statements

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

- a) Balance Sheet as at 31 December 2018.
- b) Profit and Loss Account for the year ended 31 December 2018.
- c) Statement of Cash Flows for the year ended 31 December 2018.
- d) Statement of Changes in Equity for the year ended 31 December 2018.
- e) Liquidity Statement for the year ended 31 December 2018 and
- f) Notes to the Financial Statements for the year ended 31 December 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 International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. It also requires disclosures of contingent assets and liabilities at the date of the financial statements.

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

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

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

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

Contingent liabilities and contingent assets

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

2.07 Branch accounting

The Company has seven branches, with no overseas branch as on 31 December 2018. Accounts of the branches are maintained at the corporate office from which these accounts are drawn up.



2.08 Liquidity Analysis

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

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

2.09 Reporting Period

These financial statements have been prepared for the period from January 01, 2018 to December 31, 2018.

2.10 Cash Flow Statement

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

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

2.10.01 Cash and cash equivalent

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

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

2.10.02 Non-banking asset

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

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

2.10.03 Going concern

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

2.10.04 Materiality and aggregation

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

2.11 Implementation of BASEL-II

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



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

2.12 Legal Proceedings

NHFIL has got strong legal team for efficiently handling of company's legal matters including favorable disposal of court cases (both civil and criminal) for recovery of Non Performing Loans (NPL). For which company's asset quality is being improved. At present, relating to legal proceedings, we have no material adverse effect on business, financial conditions or results of operations.

3.00 Significant accounting policies

The accounting policies applied for preparation of this Financial Statements have been applied consistently for both the periods presented herein.

3.01 Authorized Capital

Authorized capital is the maximum amount of share capital that the Company is authorized by its Memorandum and Articles of Association.

3.02 Paid up Capital

Paid up capital represents total amount of shareholders' capital that has been paid in full by ordinary shareholders. Ordinary shareholders are entitled to vote at shareholders' meeting & receive dividends as declared from time to time.

3.03 Statutory Reserve

Statutory reserve has been maintained @ 20.00% of profit after tax in accordance with provisions of section 9 of the Financial Institutions Act 1993 until such reserve equal to its paid up capital.

3.04 Revenue Recognition

3.04.01 Interest Income

Mortgage Loans

Repayment of housing (mortgage) loans is made by way of Equated Monthly Installments (EMI) which consists of principal and interest. Interest is calculated annually on the outstanding balance at the beginning of the year. EMI commences after disbursement of loan in full. EMI and Pre-EMI interests are recoverable every month from the borrowers, interest on loan due for payment for more than 9 (nine) months are not taken into account.

Lease Finance

The Company follows the finance lease method following IAS 17: Leases to account for lease income. Interest are recognized as and when accrued/earned on the basis of accrual basis of accounting. Interest outstanding more than 2 (two) months for 5 (five) years loan and more than 5 (five) months for over 5 (five) years loan is not recognized as revenue but recognized as interest suspense complying the requirements by the DFIM of Bangladesh Bank.

Term Finance

Income from term finance is recognized when interest is accrued, but no interest of installments is taken into account that becomes due for more than 2 (two) months for 5 (five) years loan and more than 5 (five) months for over 5 (five) years loan but recognized as interest suspense complying the requirements by the DFIM circular of Bangladesh Bank.

Fixed Deposits

Fixed deposits, if not encashed on due date, is considered automatically renewed at the equivalent current rate of interest. Interest on fixed deposits is recognized as income as and when accrued.

3.04.02 Investment Income

Income on investment is recognized on accrual basis.



3.04.03 Fees and Commission Income

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

3.05 Expenditure Recognition

3.05.01 Interest Paid and Other Expenses

Interest paid and other expenses are recognized on accrual basis.

3.05.02 Loan Loss Provision

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

3.05.03 Fixed Assets

i) Recognition and measurement

Items of fixed assets excluding land and building are measured at cost less accumulated depreciation and accumulated impairment losses. Land and building is recognized at cost at the time of acquisition. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the assets to its working condition for its intended use as per International Accounting Standard (IAS) 17 "Property, Plant and Equipment's".

ii). Subsequent Cost

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

iii) Depreciation

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

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

3.06 Employee Benefits

3.06.01 Provident Fund

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

3.06.02 Gratuity Fund

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



3.07 Income Tax

3.07.01 Current Tax :

Provision for current year's taxation has been made as per the provision of Income Tax Ordinance 1984 at the ruling rate prescribed in the Finance Act, 2018 and consistent with the past practice.

3.07.02 Deferred Tax

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

3.08 Earnings Per Share (EPS)

Earnings Per Share (EPS) has been computed by dividing the basic earnings by the weighted average number of ordinary shares outstanding as at December 31, 2018. The Company calculates EPS in accordance with IAS 33: Earnings Per Share, which has been shown on the face of Profit & Loss Account, and the computation of EPS is stated in note 32.00. This represents earnings for the year attributable to ordinary shareholders. As there was no preference dividend, minority interest or extra ordinary items, the net profit after tax for the year has been considered as fully attributable to the ordinary shareholders.

3.09 Dividend

Dividend on ordinary shares are recognized as a liability and deducted from retained earnings after due approval by the shareholders in the respective Annual General Meeting (AGM). Dividend recommended by the Board of Directors for approval of the shareholders for the year 2018 has been stated as post balance sheet events in note 48.00.

3.10 Related party disclosure

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

3.11 Regulatory & Legal Compliances

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

- a) The Financial Institutions Act 1993;
- b) The Companies Act 1994;
- c) Rules and Regulations Issued by Bangladesh Bank;
- d) The Securities and Exchange Rules-1987;
- e) The Securities and Exchange Ordinance-1969;
- f) The Securities and Exchange Commission Act-
- g) The Securities and Exchange Commission(Public
- 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 International Accounting Standard (IAS) & International Financial Reporting Standard (IFRS)

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

IAS/IFRS	Reference	Status of Compliance
Presentation of Financial Statements	IAS-01	Applied
Inventories	IAS-02	Not Applicable
Cash Flow Statements	IAS-07	Applied
Accounting Policies, Changes in Accounting	IAS-08	Applied
Events after the Reporting Period	IAS-10	Applied
Construction Contract	IAS-11	Not Applicable
Income Taxes	IAS-12	Applied
Segment Reporting	IAS-14	Not Applicable
Property, Plant & Equipment	IAS-16	Applied
Leases	IAS-17	Applied
Revenue	IAS-18	Applied
Employee Benefits	IAS-19	Applied
Accounting for Government Grants and Disclosure	IAS-20	Not Applicable
The Effect of Changes in Foreign Exchange Rates	IAS-21	Not Applicable
Borrowing Costs	IAS-23	Applied
Related Party Disclosure	IAS-24	Applied
Accounting for Investments	IAS-25	Applied
Accounting and Reporting by Retirement Benefit	IAS-26	Not Applicable
Consolidated and Separate Financial Statements	IAS-27	Not Applicable
Investments in Associates	IAS-28	Not Applicable
Disclosure in Financial Statements in Banks & Similar Financial Institutions	IAS-30	Applied
Interest in Joint Venture	IAS-31	Not Applicable
Financial Instruments: Presentation	IAS-32	Applicable
Earnings Per Share	IAS-33	Applied
Interim Financial Reporting	IAS-34	Applied
Impairment of Assets	IAS-36	Applied
Provisions, Contingent Liabilities and Contingent Assets	IAS-37	Applied
Intangible Assets	IAS-38	Applied
Financial Instruments: Recognition and Measurement	IAS-39	Applicable
Investment Property	IAS-40	Not Applicable
Agriculture	IAS-41	Not Applicable
First Time adoption of IFRS	IFRS-1	Not Applicable
Share Based Payment	IFRS-2	Not Applicable
Business Combination	IFRS-3	Not Applicable
Insurance Contracts	IFRS-4	Not Applicable
Non-current Assets held for Sale and Discontinued	IFRS-5	Not Applicable
Explanation for and Evaluation of Mineral	IFRS-6	Not Applicable
Financial Instruments: Disclosures	IFRS-7	Applicable
Operating Segments	IFRS-8	Applied
Financial Instruments	IFRS-9	Applicable
Joint Arrangements	IFRS-11	Not Applicable
Disclosure of Interests in Other Entities Financial	IFRS-12	Not Applicable
Fair Value Measurement	IFRS-13	Applicable
Revenue from Contracts with customers	IFRS-15	Applicable



3.13 Financial risk management

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

Credit Risk

To encounter and mitigate credit risk the company employed multilayer approval process, policy for maximum exposure limit of sector or groups, policy for customers' assets maximum exposure limit, mandatory search for credit report from Credit Information Bureau, looking into payment performance of customer before financing, annual review of clients, vigorous monitoring and follow up by Special Assets Management Team, strong follow up of compliance of credit policies by Internal Control and Compliance Department (ICCD), taking collateral, seeking external legal opinion, maintaining neutrality in politics and following arm's length approach in related party transactions, regular review of market situation and industry exposure etc.

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

Market Risk

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

Liquidity Risk

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

Operational Risk

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

Money Laundering and Terrorist Financing Risk

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

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



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

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

Additional risks required to be addressed under regulatory requirements

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

The Integrated Risk Management Guidelines for Financial Institutions specify a number of additional risks that financial institutions are now required to manage in a more structured manner. Key among these are:

Strategic Risk

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

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

Compliance Risk

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

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



Reputation Risk

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

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

Environmental & Social Risk

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

ICT Risks

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

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



	2018 Taka	2017 Taka
4.00 Cash		
Cash in hand:		
Local currency	77,732	77,938
Foreign currencies	-	-
	77,732	77,938
Balance with Bangladesh Bank and its agent Bank:		
Local currency	194,421,756	212,814,180
Foreign currencies	-	-
	194,421,756	212,814,180
	194,499,488	212,892,118

4.01 Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR)

Cash Reserve Requirement and Statutory Liquidity Reserve have been calculated and maintained in accordance with Financial Institutions Act, 1993 & Financial Institutions Regulations, 1994, FID Circular No. 06, dated 06 November 2003, FID Circular No. 02 dated 10 November 2004 and DFIM Circular Letter No. 01, dated 12 January 2017.

Cash Reserve Requirement (CRR) has been calculated at the rate of 2.5% on Total Term Deposits which is preserved in current account maintained with Bangladesh Bank. 'Total Term Deposit' means Term or Fixed Deposit, Security Deposit against Lease/Loan and other Term Deposits, received from individuals and institutions (except Banks & Financial Institutions) and Statutory Liquidity Reserve (SLR) has been calculated at the rate of 5.0% on total liabilities, including CRR of 2.5% on Total Term Deposit. SLR is maintained in liquid assets in the form of cash in hand (notes & coin in Taka), balance with Bangladesh Bank and other Banks and Financial Institutions, unencumbered treasury bill, bond and any other assets approved by Government gazette or by Bangladesh Bank. Details of CRR & SLR maintained by the company are shown in the note: 4.01.01 & 4.01.02.

4.01.01 Cash Reserve Requirement (CRR)

Required reserve	191,196,637	202,824,315
Actual reserve held	194,421,756	212,814,180
Surplus/(deficit)	3,225,119	9,989,864

4.01.02 Statutory Liquidity Reserve (SLR)

Required reserve	444,777,626	454,925,687
Actual reserve held	6,864,382,937	3,780,100,485
Surplus/(deficit)	6,419,605,311	3,325,174,798

5.00 Balance with banks and other financial institutions

5.01 In Bangladesh

On current accounts (note: 5.01.01)	9,132,078	14,287,657
On Short Term Deposit (STD) Accounts (note: 5.01.02)	246,334,756	110,617,272
On Fixed Deposit Account (note: 5.01.03)	7,189,788,115	4,689,060,674
	7,445,254,949	4,813,965,603

Outside Bangladesh

	-	-
	7,445,254,949	4,813,965,603

5.01.01 On Current Accounts

AB Bank Limited	184,465	184,465
Agrani Bank Limited	1,816,025	-
Bank Asia Limited	3,127,936	9,205,541
Janata Bank Limited	3,845	-
EXIM Bank Limited	182,619	184,149
National Bank Limited	3,407,568	3,557,098
One Bank Limited	-	521
Woori Bank Limited	4,475	2,525



Trust Bank Limited
 Mercantile Bank Limited
 The City Bank Limited

2018 Taka	2017 Taka
13,210	14,360
391,934	1,138,708
-	289
9,132,078	14,287,657

5.01.02 On Short Term Deposit (STD) Accounts

Islami Bank Bangladesh Limited
 AB Bank Limited
 Commercial Bank of Ceylon PLC
 Dutch Bangla Bank Limited
 Bank Asia Limited
 Mutual Trust Bank Limited
 Eastern Bank Limited
 Exim Bank Limited
 Jamuna Bank Limited
 National Bank Limited
 One Bank Limited
 Prime Bank Limited
 Premier Bank Limited
 Pubali Bank Limited
 Shahjalal Islami Bank Limited
 Sonali Bank Limited
 SBAC Bank Limited
 Southeast Bank Limited
 Trust Bank Limited
 United Commercial Bank Limited
 Bank Alfalah Limited
 Mercantile Bank Limited

1,149,717	4,813,135
12,072	12,936
12,290,991	-
2,376,338	-
15,654,759	7,148,018
4,883,521	28,656.00
51,904,614	4,745,135
8,389	4,957
33,746,937	40,137,029
14,336,383	323,849
2,204,520	1,323,487
1,016,730	-
1,961,608	2,634,567
90,018,991	30,514,242
387,456	2,875,859
6,592	2,089
47,649	-
7,644,247	7,495,833
3,665,651	1,610,665
-	863
97,043	6,320,882
2,920,549	625,069
246,334,756	110,617,272

5.01.03 On Fixed Deposit Account

National Finance Limited
 BD Finance Limited
 Dhaka Bank Limited
 Exim Bank Limited
 Meridian Finance Limited
 Jamuna Bank Limited
 National Bank Limited
 Fareast Finance Limited
 Industrial and Infrastructure Development Finance Company Limited
 Bangladesh Commerce Bank Limited
 Bay leasing and Investment Limited
 Islamic Finance and Investment Limited
 International Leasing and Financial Services Limited
 Reliance Finance Limited
 IPDC Finance Limited
 CAPM Venture Capital & Finance Limited
 Premier leasing & Finance Limited
 SBAC Bank Limited
 Union Capital Limited
 GSP Finance (BD) Limited
 Hajj Finance Company Limited
 Social Islami Bank Limited
 MIDAS Financing Limited
 Prime Finance & Investment Limited
 Lankabangla Finance Limited
 The Farmers Bank Limited

-	200,000,000
-	200,000,000
4,000,000,000	-
200,000,000	-
-	400,000,000
1,600,000,000	1,600,000,000
102,188,115	-
31,300,000	100,000,000
50,000,000	-
-	20,333,800
-	100,000,000
100,000,000	100,000,000
147,500,000	400,000,000
-	200,000,000
300,000,000	50,000,000
-	200,000,000
65,800,000	100,000,000
300,000,000	227,951,374
50,000,000	200,000,000
-	150,000,000
-	170,000,000
-	30,000,000
100,000,000	100,000,000
23,000,000	100,000,000
100,000,000	-
20,000,000	40,775,500
7,189,788,115	4,689,060,674



	2018 Taka	2017 Taka
5.02 Maturity Grouping of Balance with other Banks and Financial Institutions		
On demand	255,466,834	124,904,929
Up to 3(three) months	961,109,300	411,109,300
More than 3(three) months but not more than 1(one) year	4,589,290,920	4,277,951,374
More than 1(one) year but not more than 5(five) years	1,639,387,895	-
More than 5(five) years	-	-
	<u>7,445,254,949</u>	<u>4,813,965,603</u>
6.00 Money at call and on short notice With Banking Companies	-	-
	-	-
7.00 Investments		
Government securities	-	-
Other investments (note: 7.01)	129,891,081	132,094,351
	<u>129,891,081</u>	<u>132,094,351</u>
7.01 Other Investments		
Preference Shares	20,000,000	30,000,000
Ordinary Shares (note: 7.01.01)	109,891,081	102,094,351
	<u>129,891,081</u>	<u>132,094,351</u>

7.01.01 Investment in ordinary shares

Name of Company	Cost Price	Number of Shares	Cost Value	Market Price	Market Value as on 31.12.2018	Provision for diminution in value of share
ACI Formulations Limited	183.37	173,913	31,889,631	153.80	26,747,819	5,141,812
The ACME Laboratories Limited	117.16	55,000	6,443,624	85.90	4,724,500	1,719,124
M.L. Dyeing Limited	8.33	4,229	35,242	29.70	125,601	(90,360)
Lankabangla Finance limited	35.51	238,000	8,450,812	22.90	5,450,200	3,000,612
Becon Pharmaceuticals Limited	20.46	370,103	7,572,164	16.20	5,995,669	1,576,495
IDLC Finance Limited	77.80	204,000	15,872,127	69.70	14,218,800	1,653,327
VFS Thread Dyeing Limited	9.09	4,222	38,386	57.80	244,032	(205,646)
Aman Cotton Fibrous Limited	40.00	7,846	313,840	42.10	330,317	(16,477)
Titas Gas Limited	49.64	350,000	17,374,642	36.40	12,740,000	4,634,642
Bangladesh Shipping Corporation	50.56	149,603	7,563,495	39.00	5,834,517	1,728,978
SS Steel Limited	10.00	13,492	134,920	10.00	134,920	0
Silva Pharmaceuticals Limited	10.00	9,194	91,940	30.10	276,739	(184,799)
Kattali Textile Limited	9.09	11,070	100,640	25.30	280,071	(179,431)
Indo-Bangla Pharmaceuticals Limited	9.09	2,294	20,858	31.10	71,343	(50,486)
SK Trims & Industries Limited	9.09	5,546	50,420	46.30	256,780	(206,360)



					2018 Taka	2017 Taka
Bashundhara Paper Mills Limited	80.00	10,807	864,560	83.80	905,627	(41,067)
Intraco Refueling Station Limited	9.53	266	2,534	26.80	7,129	(4,595)
Golden Harvest Agro Industries Limited	41.60	33,000	1,372,731	29.30	966,900	405,831
Dhaka Electric Supply Company Limited	46.98	80,000	3,758,619	40.40	3,232,000	526,619
LafargeHolcim Bangladesh Limited	69.04	115,000	7,939,899	43.50	5,002,500	2,937,399
Total			109,891,081		87,545,464	22,345,618

Opening Balance	8,344,266	184,305
Charge /(recovery) during the year	14,001,352	8,159,961
Balance as on December 31, 2018	22,345,618	8,344,266

7.01.02 Maturity-wise Grouping

On demand	109,891,081	102,094,351
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
	129,891,081	132,094,351

8.00 Loans and advances

Mortgage loans	11,053,302,195	8,873,727,141
Lease finance	87,281,758	98,989,785
Term loans	328,502,891	441,934,218
Small & Medium Enterprises Loan	746,387,271	754,100,735
Loan Against Fixed Deposits	59,718,417	39,621,891
Staff loan (note: 8.05)	88,775,059	36,958,636
	12,363,967,591	10,245,332,407

8.01 Maturity-wise Grouping of loans and advances

Up to 1 (one) months	1,863,623,027	1,918,388,347
Up to 3(three) months	127,108,173	60,343,173
More than 3(three) months but not more than 1(one) year	1,098,438,885	993,373,558
More than 1(one) year but not more than 5(five) years	1,939,148,893	1,591,883,573
More than 5(five) years	7,335,648,613	5,681,343,755
	12,363,967,591	10,245,332,407

8.02 Loans, Advances and Leases

In Bangladesh		
Loans	12,276,685,833	10,146,342,622
Leases	87,281,758	98,989,785
Overdraft	-	-
Cash Credit	-	-
	12,363,967,591	10,245,332,407
Outside Bangladesh		
	-	-
	12,363,967,591	10,245,332,407



	2018 Taka	2017 Taka
8.03 Geographical Location-wise Grouping		
In Bangladesh		
Dhaka division	9,771,062,402	7,977,298,654
Chittagong division	720,077,148	631,565,169
Khulna division	-	-
Sylhet division	-	-
Barisal division	-	-
Rangpur division	544,851,821	411,288,014
Rajshahi division	1,327,976,220	1,225,180,569
	12,363,967,591	10,245,332,407
Outside Bangladesh	-	-
	12,363,967,591	10,245,332,407
8.04 Significant Concentration-wise Grouping		
Directors & their related parties (Note: 53.00)	-	-
Staff:		
Managing Director	-	-
Senior Executives	88,775,059	36,958,636
Others	59,718,417	39,621,891
	148,493,476	76,580,527
Industries:		
Agricultural loan	346,156,735	336,794,722
Large and medium enterprises	724,688,014	754,100,735
Small and cottage	91,327,171	204,129,281
	1,162,171,920	1,295,024,738
Mortgage Loan		
Home mortgage loan	9,443,901,387	7,491,363,779
Commercial mortgage loan	1,220,532,093	1,081,481,463
Project mortgage loan	388,868,715	300,881,899
	11,053,302,195	8,873,727,141
Trade & commercial	-	-
	12,363,967,591	10,245,332,407
8.05 Staff Loan		
Personal loan	51,319,654	15,472,451
Car loan	2,109,801	3,665,477
House building loan	35,345,604	17,820,708
	88,775,059	36,958,636
8.06 Details of Large Loan		
As at 30th September 2018 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 1,811.82 million and Taka 1,847.34 million respectively as at 2018 & 2017 respectively (note: 15.05).		
8.07 Grouping as per Classification Rules		
Unclassified:		
Standard	11,449,247,174	9,463,314,673
Special Mention Account	388,775,644	257,337,080
	11,838,022,818	9,720,651,753
Classified:		
Sub-standard	112,906,070	54,576,133
Doubtful	82,188,814	165,343,166
Bad/loss	330,849,889	304,761,355
	525,944,773	524,680,654
	12,363,967,591	10,245,332,407



	2018 Taka	2017 Taka
8.08 Loan Type-wise Classified Loan		
Mortgage loans	286,129,394	305,755,646
Lease finance	61,356,336	63,085,452
Term Finance	53,768,281	56,481,686
Small & Medium Enterprises	124,690,762	99,357,870
	525,944,773	524,680,654
8.09 Sector-wise Allocation of Loans, Advances and Leases		
Government		
Private:		
Mortgage loan	9,832,770,102	7,792,245,678
Industry	87,281,758	98,989,785
Term Finance	328,502,891	441,934,218
Commercial loan	1,220,532,093	1,081,481,463
SME Loan	746,387,271	754,100,735
Miscellaneous	148,493,476	76,580,527
	12,363,967,591	10,245,332,407
8.10 Securities Against Loans, Advances and Leases		
Collateral of moveable/immoveable assets	12,094,085,094	8,891,547,849
Fixed Deposit Receipts (FDR)	59,718,417	39,621,891
Fixed Deposit of other banks	156,734,625	296,845,995
Personal guarantee	53,429,455	19,137,928
Others	-	998,178,743
	12,363,967,591	10,245,332,407
8.11 Particulars of Required Provision for Loans, Advances and Leases		

Status	Outstanding Loans, Advances and Leases as at 31.12.2018	Base for Provision	Rate of Required Provision	Required Provision	Required Provision
For Loans, Advances and Leases:					
Unclassified-General					
All unclassified Loans	11,449,247,174	11,449,247,174	0.25% & 1%	110,205,353	90,258,213
Special Mention Account (SMA)	388,775,644	356,806,946	5.00%	17,840,347	11,854,640
Sub-total:	11,838,022,818	11,806,054,120		128,045,700	102,112,853
Classified-Specific					
Sub-standard	112,906,070	4,323,310	20.00%	864,662	1,286,008
Doubtful	82,188,814	8,788,727	50.00%	4,394,364	32,592,219
Bad/Loss	330,849,889	61,422,023	100.00%	61,422,023	48,374,235
Sub-total:	525,944,773	74,534,060		66,681,048	82,252,462
Grand-total:	12,363,967,591	11,880,588,180		194,726,749	184,365,314

Note- Excess provision kept for the year 2018 for an amount of Taka 560,003.



8.12 Particulars of Loans, Advances and Leases

	2018 Taka	2017 Taka
Loans considered good in respect of which the Company is fully secured	12,310,538,136	10,226,194,479
Loans considered good against which the Company holds no security other than debtors' personal guarantee	53,429,455	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	-	-
Loans adversely classified-no provision not maintained there against	-	-
	12,363,967,591	10,245,332,407
Loans due by directors or officers of the bank or any of them either separately or jointly with any other persons	88,775,059	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-8.07)	330,849,889	304,761,355
b) Loans written off	42,292,697	38,726,772
c) Realized from previous written off	1,007,128	-
d) Provision on bad loans, advances and leases	66,681,048	82,252,462
e) Interest credited to the interest suspense account (Note-14.05)	132,018,149	110,550,694
f) Cumulative amount of the written off loans/Leases:		
Opening balance	298,540,088	259,813,316
Amount written off during the year	42,292,697	38,726,772
Cumulative to date	340,832,785	298,540,088
Recovery from write-off	(1,007,128)	-
Written off loans for which law suit filed	339,825,657	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 2018

	2018 Taka	2017 Taka
Cost		
Opening balance	295,539,107	287,217,919
Add: Addition during the year	4,316,876	10,259,241
	299,855,983	297,477,160
Less: Disposed during the year	(2,183,766)	(1,938,053)
Balance as on 31.12.2018	297,672,217	295,539,107
Less: Accumulated depreciation (9.01)	(69,727,958)	(61,377,920)
Written down value as on 31.12.2018	227,944,259	234,161,187

9.01 Accumulated depreciation

Opening balance	61,377,920	52,496,581
Add: Depreciation charged during the year	10,361,159	10,690,416
	71,739,079	63,186,997
Less: Adjustment during the year	(2,011,121)	(1,809,077)
Balance as on 31.12.2018	69,727,958	61,377,920

For details please refer to Annexure - A



	2018 Taka	2017 Taka
10.00 Other assets		
Income Generating Other Assets:	-	-
Non-income Generating Other Assets:		
Advance against fixed assets	94,690,027	77,249,503
Security deposits	154,460	154,460
Advance income tax (note: 10.01)	332,360,403	326,304,486
Advance against branch office	2,207	21,600
Advance against office rent	1,838,500	2,150,100
Stamp & Security Paper	619,020	273,431
Deferred tax assets (note: 10.03)	2,187,380	3,021,365
Other receivables (note: 10.02)	187,444,273	115,576,178
	619,296,271	524,751,124
10.01 Advance Income Tax		
Balance as at 1st January	326,304,486	430,620,104
Add: Advance tax for the year:		
Tax paid during the year	141,990,496	172,024,136
Tax deducted at source	46,566,365	20,182,939
Less: Adjusted against tax provision	(182,500,944)	(296,522,692)
	6,055,917	(104,315,617)
Balance as at 31st December	332,360,403	326,304,486
10.02 Other Receivables		
Cheque dishonored charges	400,782	464,547
Accounts receivable	5,907,284	3,330,539
Interest on bank deposits	162,724,144	94,700,646
Receivable from Dhaka Stock Exchange Ltd.	1,754,565	4,713,440
Receivable from Multi Securities	6,670	7,120
Receivable from ETBL Securities	637,255	470,470
Receivable from UFT Co. Ltd	142,032	21,440
Legal charges receivable	14,146,172	11,421,158
Others	1,725,370	446,819
	187,444,273	115,576,178
10.03 Deferred tax assets		
Balance as at 1st January	3,021,365	3,399,235
Add: Addition during the year	(833,985)	(377,870)
	2,187,380	3,021,365
10.03(a) Calculation of deferred tax		
Carrying amount of Fixed Assets (excluding land)	10,361,159	10,690,416
Tax base value of Fixed Assets	16,194,172	18,243,829
Deductible temporary difference	5,833,013	7,553,413
Applicable tax rate	37.50%	40.00%
Deferred tax assets on fixed assets	2,187,380	3,021,365
Deferred tax assets/(liability) at the beginning of year	3,021,365	3,399,235
Deferred tax income/(Expenses)	(833,985)	(377,870)
11.00 Non-banking assets	-	-



	2018 Taka	2017 Taka
12.00 Borrowing from banks, other financial institutions and agents Secured		
In Bangladesh:		
Secured Overdraft		
Banking companies:		
Eastern Bank Limited	-	96,591,304
Mercantile Bank Limited	3,799,949	50,032,839
Mutual Trust Bank Limited	-	402
Prime Bank Limited	-	23,653,048
Pubali Bank Limited	249,711,337	201,380,182
United Commercial Bank Limited	-	8,307,590
	253,511,286	379,965,364
Non-banking financial institution	-	-
	253,511,286	379,965,364
Outside Bangladesh	-	-
Sub-total:	253,511,286	379,965,364
Term Loan :		
Banking companies:		
SBAC Bank Limited	400,000,000	-
Eastern Bank Limited	79,050,000	1,500,000
Woori Bank Ltd.	162,000,000	162,000,000
	641,050,000	163,500,000
Non-banking financial institution	-	-
	641,050,000	163,500,000
Outside Bangladesh	-	-
Sub-total:	641,050,000	163,500,000
Bangladesh Bank Loan:		
SME loan	307,457,258	508,627,235
HML Refinance Scheme	238,735,867	268,749,881
Sub-total:	546,193,125	777,377,116
Un-secured		
Money at call and on short notice:		
Banking companies:		
Sonali Bank Limited	170,000,000	150,000,000
Agrani Bank Limited	-	100,000,000
National Credit and Commerce Bank Limited	40,000,000	-
Janata Bank Limited	110,000,000	150,000,000
	320,000,000	400,000,000
Non-banking financial institution	-	-
	320,000,000	400,000,000
Outside Bangladesh	-	-
Sub-total:	320,000,000	400,000,000
Total:	1,760,754,410	1,720,842,480
12.01 Remaining Maturity Grouping of Borrowing		
Payable on demand	320,000,000	400,000,000
Up to 1 (one) month	85,110,326	32,545,000
Over 1(one) month to 3(three) months	123,119,589	110,582,589
Over 3(three) months to 1(one) year	629,630,910	833,372,036
Over 1(one) year to 5(five) years	558,731,000	216,791,000
More than 5(five) years	44,162,586	127,551,855
	1,760,754,410	1,720,842,480



	2018 Taka	2017 Taka
13.00 Deposits and other accounts		
Bank Term deposits	8,180,000,000	3,930,000,000
Customer deposits	7,956,881,144	7,724,983,097
Other deposits (note: 13.02)	12,117,263	13,181,489
	<u>16,148,998,406</u>	<u>11,668,164,585</u>
13.01 Remaining Maturity Grouping of Deposits and Other Accounts		
Payable on demand	320,000,000	400,000,000
Within 1(one) month	1,355,964,120	1,305,899,120
Over 1(one) month to 6(six) months	2,674,533,704	2,117,697,489
Over 6(six) months to 1(one) year	2,280,842,982	2,228,606,982
Over 1(one) year to 5(five) years	3,916,630,296	3,141,630,296
Over 5(five) years to 10(ten) years	3,994,633,723	2,474,330,698
More than 10(ten) years	1,606,393,581	-
	<u>16,148,998,406</u>	<u>11,668,164,585</u>
13.02 Other Deposits		
Home mortgage loan deposit	730,354	1,594,993
Margin deposit	2,230,390	2,219,850
Refundable share money deposit	6,210,394	6,210,394
Lease deposit	2,946,125	3,156,252
	<u>12,117,263</u>	<u>13,181,489</u>
14.00 Other liabilities		
Provision for loans, advances, investments and others (note: 14.01 to 14.04)	229,703,774	201,461,896
Interest suspense (note: 14.05)	132,018,149	110,550,694
Provision for gratuity (note: 14.06)	-	3,903,586
Withholding tax payable	23,647	493,190
VAT & Excise duty payable	164,171	189,750
Provision for current tax (note: 14.07)	420,337,010	431,849,906
Interest payable	480,709,542	297,621,424
Accrued expenses (note: 14.09)	287,500	287,500
Unclaimed dividend	14,290,267	15,711,392
Accounts Payable	5,152,179	7,245,677
Sundry deposit	14,183,737	4,270,562
Sundry liabilities	-	-
	<u>1,296,869,976</u>	<u>1,073,585,577</u>
14.01 Specific Provision on Loans, Advances		
Balance as at 1st January	94,107,101	74,323,684
<i>Less:</i> Fully provided debt written off	(38,781,723)	(37,036,572)
Provision after written off	55,325,378	37,287,112
<i>Add:</i> Provision made during the year	195,722,810	172,152,231
<i>Less:</i> Provision recovered	(167,533,920)	(115,332,242)
Net charge in the profit & loss account	28,188,890	56,819,989
<i>Add:</i> Recoveries of amounts previously written off	1,007,128	-
<i>Less:</i> Written off of provision no longer required	-	-
Provisions held at 31st December	<u>84,521,396</u>	<u>94,107,101</u>



	2018 Taka	2017 Taka
14.02 General Provision on Loans, Advances and Leases		
Balance as at 1st January	91,292,214	110,265,523
<i>Add:</i> Provision made during the year	36,581,046	94,161,496
<i>Less:</i> Provision recovered	(17,107,905)	(113,134,804)
Net charge in the profit & loss account	<u>19,473,141</u>	<u>(18,973,309)</u>
Balance as at 31st December	<u>110,765,355</u>	<u>91,292,214</u>
14.03 Provision on investments in share		
Balance as at 1st January	8,344,266	184,305
<i>Add:</i> Provision made during the year	20,416,991	13,718,365
<i>Less:</i> Provision recovered	(6,415,639)	(5,558,404)
Net charge in the profit & loss account	<u>14,001,352</u>	<u>8,159,961</u>
Balance as at 31st December	<u>22,345,618</u>	<u>8,344,266</u>
14.04 Provision on others		
Balance as at 1st January	7,718,315	9,547,252
<i>Add:</i> Provision made during the year	4,677,515	564,515
<i>Less:</i> Provision recovered	(185,090)	(703,252)
Net charge in the profit & loss account	<u>4,492,425</u>	<u>(138,737)</u>
	12,210,740	9,408,515
<i>Less:</i> Fully provided debt written off	(139,335)	(1,690,200)
Provisions held at 31st December	<u>12,071,405</u>	<u>7,718,315</u>
14.05 Interest Suspense Account		
Balance as at 1st January	110,550,694	99,726,389
<i>Add:</i> Interest suspense charged during the year	232,089,157	179,609,978
<i>Less:</i> Interest suspense realized during the year	(207,250,063)	(168,785,673)
Net charge in the profit & loss account	<u>24,839,094</u>	<u>10,824,305</u>
	135,389,788	110,550,694
<i>Less:</i> Interest written off	(3,371,639)	-
Balance as at 31st December	<u>132,018,149</u>	<u>110,550,694</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	298,540,088	259,813,316
Net loans/leases written-off during the year	42,292,697	38,726,772
No. of agreements written-off	20	19
No. of clients written-off	17	16
Interest suspense against written-off loans/leases	(3,371,639)	-
Provision adjusted against written-off loans/leases	(38,921,058)	(38,724,154)
Recovery of loans/leases write-off loans/leases	-	-
Balance of loans/leases written-off at 31st December 2018	340,832,785	298,540,088



	2018 Taka	2017 Taka
14.06 Provision for Gratuity		
Balance as at 1st January	3,903,586	3,113,945
<i>Add:</i> Provision made during the year	9,514,094	4,099,516
<i>Less:</i> Payment made during the year	(13,417,680)	(3,309,875)
<i>Less:</i> Provision written back during the year	-	-
Balance as at 31st December	-	3,903,586
14.07 Provision for Current Tax		
Balance as on 1st January	431,849,906	555,381,950
<i>Add:</i> Provision made during the year	170,988,048	162,335,439
<i>Add:</i> Short provision for the year 2014 & 2015	-	10,655,210
<i>Less:</i> Adjustment of advance tax	(182,500,944)	(296,522,692)
Balance as at 31st December	420,337,010	431,849,906
14.08 Provision for taxation Net Charged for in the Profit & Loss Account		
Current tax (note: 14.07)	170,988,049	172,990,649
<i>Add/ (less):</i> Deferred tax	-	-
	170,988,049	172,990,649
Provisions for current tax has been made on the basis of the profit for the year as adjusted for taxation purposes in accordance with the provisions of Income Tax Ordinance, 1984 and amendments made thereto. The current tax rate for the Company is 37.50% on taxable income.		
14.09 Accrued Expenses		
Promotion and publicity	-	-
Audit fees	287,500	287,500
Sundry creditors	-	-
	287,500	287,500
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	70.13%	70.02%
General public	29.87%	29.98%
	100.00%	100.00%
Number of holding:		
Sponsors	74,607,751	74,490,451
General public	31,784,249	31,901,549
	106,392,000	106,392,000



2018	2017
Taka	Taka

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	2508	332,007	0.31%
501 to 5,000	2410	4,598,489	4.32%
5,001 to 10,000	395	2,976,368	2.80%
10,001 to 20,000	218	3,217,456	3.02%
20,001 to 30,000	59	1,498,568	1.41%
30,001 to 40,000	37	1,341,985	1.26%
40,001 to 50,000	18	831,685	0.78%
50,001 to 100,000	23	1,756,314	1.65%
100,001 to 1,000,000	38	8,671,766	8.15%
Above 1,000,000	22	81,167,362	76.29%
Total:	5728	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 the Section 4(GHA) of the Financial Institutions Rule, 1994 and subsequently updated vide DFIM circular no. 05 dated July 24, 2011 of Bangladesh Bank, an NBFi requires to have Tk.100 crore as its minimum capital which shall be deemed to be adequate capital. When the core capital equals or exceeds its minimum capital then the capital shall be treated as adequate capital of NBFi. Core capital consists of paid-up capital, retained earnings, statutory reserve and balance of current year's profit but in case of total capital it includes core capital plus general provision on good loans/leases. Status of the capital has given below:

Core capital (paid-up capital, retained earnings & statutory reserve etc.)
Less: Required minimum capital
Surplus over minimum required capital

1,774,230,847	1,700,604,147
(1,000,000,000)	(1,000,000,000)
774,230,847	700,604,147

Core capital (paid-up capital, retained earnings & statutory reserve etc.)
Add: Provision on good loan/leases
Total capital
Less: Required minimum capital

1,774,230,847	1,700,604,147
110,765,355	91,292,214
1,884,996,202	1,791,896,361
(1,000,000,000)	(1,000,000,000)
884,996,202	791,896,361



	2018 Taka	2017 Taka
15.05 Capital Adequacy Ratio-As per BASEL-II		
1. Tier-1 (Core Capital)		
1.1 Fully Paid-up Capital/Capital Deposited with BB	1,063,920,000	1,063,920,000
1.2 Statutory Reserve	466,539,218	411,384,918
1.3 Non-repayable share premium account	-	-
1.4 General Reserve	-	-
1.5 Retained Earnings	243,771,628	225,299,229
1.6 Minority interest in Subsidiaries	-	-
1.7 Non-Cumulative irredeemable Preference shares	-	-
1.8 Dividend Equalization Account	-	-
1.9 Others (if any item approved by Bangladesh Bank)	-	-
1.10' Sub-Total (1.1 to 1.9)	1,774,230,847	1,700,604,147
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 Tire-1 Capital (1.10-1.19)	1,774,230,847	1,700,604,147
2. Tier-2 (Supplementary Capital)		
2.1 General Provision (Unclassified loans up to specified limit + SMA + off Balance Sheet exposure)	130,092,164	116,737,815
2.2 Assets Revaluation Reserve up to 50%	-	-
2.3 Revaluation Reserve for Securities up to 45%	-	-
2.4 Revaluation Reserve for equity instrument up to 10%	-	-
2.5 All other preference shares	20,000,000	30,000,000
2.6 Other (if any item approved by Bangladesh Bank)	-	-
2.7 Sub-Total (2.1 to 2.6)	150,092,164	146,737,815
2.8 Applicable Deductions if any	-	-
2.9 Total Eligible Tire-2 Capital (2.7-2.8)	150,092,164	146,737,815
Total Capital	1,924,323,010	1,847,341,962
Total risk weighted assets	11,584,034,711	10,343,521,712
Required minimum capital 10% of RWA or Tk. 100.00 crore, which is higher.	1,158,403,471	1,034,352,171
Surplus	765,919,539	812,989,791
Capital Adequacy Ratio	16.61%	17.86%



	2018 Taka	2017 Taka
16.00 Statutory reserve		
Balance as at 1st January	411,384,918	360,355,287
Reserve made during the year	55,154,300	51,029,631
Balance as at 31st December	<u>466,539,218</u>	<u>411,384,918</u>

In compliance with the clause no 6 of Financial Institutions Regulations, 1994, Financial Institution is required to transfer at least 20% of its profit after tax and before appropriation of dividend in a particular year, if the financial institution's sum of Share Premium Account (if any) and Statutory Reserves is less than the paid up capital of that financial institution. Accordingly, 20% of current year's profit after tax has been transferred to Statutory Reserves Account. Statutory reserve has been created at the rate of 20.00% of the net profit of Tk. 275,771,500 as per Bangladesh Bank's guidelines.

17.00 Retained earnings		
Balance as at 1st January	225,299,229	212,686,303
Add: Net profit after tax for the year	275,771,500	255,148,157
	501,070,728	467,834,460
Less: Allocations:		
Transferred to statutory reserve	(55,154,300)	(51,029,631)
Issue of Bonus Share	-	-
Dividend	(202,144,800)	(191,505,600)
	(257,299,100)	(242,535,231)
Balance as at 31st December	<u>243,771,628</u>	<u>225,299,229</u>



	2018 Taka	2017 Taka
18.00 Income statement		
Income:		
Interest, discount and other similar income (note: 19.00)	1,995,665,758	1,392,628,969
Dividend income (note: 21.00)	5,812,457	6,732,455
Fees, commission & brokerage (note: 22.00)	57,500	76,480
Gains less losses arising from investment in securities (note: 21.00)	1,830,619	14,865,342
Other operating income (note: 23.00)	24,971,263	26,907,391
	2,028,337,597	1,441,210,637
Expenses:		
Interest on borrowing, fees and commission (note: 20.00)	1,344,114,201	814,692,065
Losses on loan, advances and leases (note: 31.00)	47,662,031	37,846,681
Administrative expenses	143,786,941	126,741,725
Other operating expenses (note: 30.00)	15,968,331	14,491,220
Depreciation on banking assets (note: 29.00)	10,718,782	10,901,047
	1,562,250,286	1,004,672,738
	466,087,311	436,537,899
19.00 Interest income		
Interest on mortgage loan:		
Home mortgage loan	1,126,788,711	878,328,236
Commercial mortgage loan	119,010,996	73,430,376
Project mortgage loan	43,428,690	28,635,955
	1,289,228,397	980,394,567
Less: Interest suspense	(15,948,253)	(4,713,078)
	1,273,280,144	975,681,489
Interest on lease finance:		
Industrial equipment	4,645,822	8,969,415
Vehicles	849,073	3,972,933
Delinquent interest	33,890,350	13,606,067
Interest on term finance	121,321,055	106,319,481
	160,706,300	132,867,896
Less: Interest suspense	(8,890,841)	(6,111,227)
	151,815,459	126,756,669
Interest on fixed deposits	515,439,169	259,362,741
Interest on short term deposit	46,740,431	22,482,367
Interest on loan against FDR	5,803,578	6,686,352
Interest on staff loan	2,586,977	1,659,351
	1,995,665,758	1,392,628,969
Note- Figure in 2017 has been restated due to changes in presentation.		
20.00 Interest paid on deposits, borrowings etc.		
Call money interest	22,268,541	18,390,694
Secured overdraft interest	19,273,911	7,205,632
Term deposit interest	565,910,141	170,601,248
Term loan interest	46,846,279	24,184,419
Customer Deposit Int. - Kotipoti Scheme	134,152	4,096
Customer Deposit Int. - Education Pension Scheme	398	-
Customer Deposit Int. - Housing Deposit Scheme	18,434	159
Customer Deposit Int. - Mohila Savings Scheme	26,258	457
Customer Deposit Int. - Money Multiplier Scheme	1,396,955	22,534
Customer deposit interest - Term Deposit	582,900,941	485,454,762
Customer deposit interest - Income Account	29,610,845	38,787,347
Customer deposit interest - Double Money Account	21,887,753	22,097,207



	2018	2017
	Taka	Taka
Customer deposit interest - Triple Money Account	6,148,811	3,649,105
Customer deposit interest-MSS	2,932,940	1,985,171
Customer deposit interest-MLNR	5,098,504	3,710,878
HML refinance interest	11,788,325	13,205,515
SME loan interest	27,871,012	25,392,842
	<u>1,344,114,201</u>	<u>814,692,065</u>
21.00 Investment Income		
Dividend on ordinary shares	3,624,957	2,669,955
Dividend on preference shares	2,187,500	4,062,500
Gain on sale of shares	6,142,888	16,545,190
Loss on sale of shares	(4,312,269)	(1,679,847)
	<u>7,643,076</u>	<u>21,597,797</u>
22.00 Commission, exchange and brokerage		
Fees	57,500	76,480
	<u>57,500</u>	<u>76,480</u>
23.00 Other operating income		
Application, processing and documentation fees	21,386,088	22,332,192
Delinquent charge-MSS,MLNR etc.	4,920	6,419
Interest on call Money lending	-	-
Other income	3,580,255	4,568,780
	<u>24,971,263</u>	<u>26,907,391</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	1,950,400
	<u>1,950,400</u>	<u>1,950,400</u>
24.02 Salaries and allowances		
Salary & allowances (note: 24.02.01)	78,905,173	66,128,324
Provident fund contribution	4,006,172	3,394,461
Gratuity	9,514,094	4,099,516
Bonus	7,971,859	12,827,858
	<u>100,397,298</u>	<u>86,450,159</u>
24.02.01 This includes managerial remuneration of Taka 66.49 million and balance amount Taka 34.08 million is on account of staff salary, bonus and other allowances. The number of employees including contract based employees were 182 and 153 for the year 2018 & 2017 respectively.		
24.03 Rent, taxes, insurance, electricity etc.		
Office maintenance	2,048,326	1,794,022
Office rent	2,989,200	3,032,170
Security Guard	1,025,800	888,958
City corporation Taxes	51,748	49,248
Electricity	2,328,118	1,886,065
Utilities	195,246	136,716
Insurance (note: 24.03.01)	1,206,255	935,286
	<u>9,844,693</u>	<u>8,722,465</u>
24.03.01 Out of total insurance amount Taka 696,883 being premium paid for insurance coverage against damages/loss of the Company's fixed assets by fire, earthquake etc.		



	2018 Taka	2017 Taka
24.04 Legal expenses		
Legal and professional	449,500	266,500
Legal charges	12,000	300
Membership fees and subscription	1,577,568	2,078,268
	2,039,068	2,345,068
25.00 Postage, stamps, telecommunication etc.		
Courier	151,005	193,158
Postage	42,617	42,515
Stamps & security paper	-	1,741,325
Telephone, fax & e-mail	1,574,335	1,380,525
	1,767,957	3,357,523
26.00 Stationery, printing, advertisement etc.		
Printing	745,536	2,055,246
Stationery	1,496,396	1,088,261
Business Commission	2,869,390	3,103,801
Promotion & publicity	14,762,620	11,377,302
	19,873,942	17,624,610
27.00 Managing Director's salary and fees		
Salary & allowances	5,677,154	4,164,000
Provident fund contribution	348,929	240,000
Bonus	1,600,000	1,600,000
	7,626,083	6,004,000
28.00 Auditors' fees	287,500	287,500
29.00 Depreciation on and repairs to assets		
Depreciation:		
Building	1,177,686	1,308,536
Newly acquired Building	4,023,906	4,148,357
Furniture	1,876,107	2,020,015
Office equipment	2,219,665	1,851,208
Motor vehicle	1,063,795	1,362,300
	10,361,159	10,690,416
Repair and maintenance	357,623	210,631
	10,718,782	10,901,047
30.00 Other expenses		
Traveling expenses	212,700	319,492
Conveyance bill	2,547,721	2,266,389
Training	444,728	431,601
Bank charges and excise duty	3,452,185	2,551,042
Books, periodicals and others	42,205	69,918
Office refreshments	2,792,258	1,873,029
Motor car	5,364,645	5,613,927
Office general expenses	600,901	647,626
AGM Expenses	311,599	446,900
Trade License Fees	111,090	112,702
Computer Software Expenses	19,941	132,609
Investment expenses share	68,358	25,985
	15,968,331	14,491,220



	2018 Taka	2017 Taka
31.00 Provisions for loan and advances		
For classified loans, advances and leases	28,188,890	56,819,989
For unclassified loans, advances and leases	19,473,141	(18,973,309)
	47,662,031	37,846,681
31.01 Provision for investments		
Made during the year	20,416,991	13,718,365
Recovery during the year	(6,415,639)	(5,558,404)
	14,001,352	8,159,961
31.02 Others		
Provisions for legal charges	4,494,196	168,310
Provisions for cheque dishonored & clearing charges	(1,771)	(307,047)
	4,492,425	(138,737)
32.00 Earnings per share		
a) Earnings attributable to the ordinary shareholders(Taka)	275,771,500	255,148,157
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)	2.59	2.40
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 2018 as per IAS-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.		
33.00 Interest receipts in cash		
Interest income from loans, advances & leases	1,995,665,758	1,392,628,969
(Increase)/decrease in interest receivable on loans, advances and leases	-	-
(Increase)/decrease in other receivable	(68,023,497)	(74,841,357)
	1,927,642,261	1,317,787,612
34.00 Interest payments		
Total interest expenses (note: 20.00)	1,344,114,201	814,692,065
Add: Opening balance of interest payable	297,621,424	245,577,815
Less: Closing balance of interest payable	(480,709,542)	(297,621,424)
	1,161,026,083	762,648,456
35.00 Fees and commissions receipts in cash		
Fees, commission and brokerage (note: 22.00)	57,500	76,480
Add: Opening balance of fees, commission and brokerage	-	-
Less: Closing balance of fees, commission and brokerage	-	-
	57,500	76,480
36.00 Cash payments to employees		
Staff salaries and allowances (note: 24.02)	100,397,298	86,450,159
Managing Director's salaries and allowances (note: 27.00)	7,626,083	6,004,000
Add: Opening balance of staff dues	7,245,677	4,423,431
Less: Closing balance of staff dues	(5,152,179)	(7,245,677)
	110,116,879	89,631,913



	2018 Taka	2017 Taka
37.00 Cash payments to suppliers		
Printing, stationary and advertisement etc. (note: 26.00)	19,873,942	17,624,610
Postage, stamps, telecommunication etc. (note: 25.00)	1,767,957	3,357,523
Repair & maintenance (note: 29.00)	357,623	210,631
Add: Opening balance of suppliers dues	-	-
Less: Closing balance of suppliers dues	-	-
	21,999,522	21,192,764
38.00 Receipts from other operating activities		
Other operating income (note: 23.00)	24,971,263	26,907,391
Profit on sale of share (note: 21.00)	6,142,888	16,545,190
Loss on sale of share (note: 21.00)	(4,312,269)	(1,679,847)
	26,801,882	41,772,733
39.00 Payments for other operating activities		
Detectors' fees	1,950,400	1,950,400
Legal expenses	2,039,068	2,345,068
Auditor's fees	287,500	287,500
Office occupancy cost	2,048,326	1,794,022
City Corporation Taxes	51,748	49,248
Electricity	2,328,118	1,886,065
Utilities	195,246	136,716
Insurance	1,206,255	935,286
Other expenses (note: 30.00)	15,968,331	14,491,220
Add: Opening balance of outstanding payable	287,500	287,500
Less: Closing balance of outstanding payable	(287,500)	(287,500)
	26,074,992	23,875,525
40.00 Increase/(Decrease) of other deposits		
Closing balance:		
Term deposits	16,136,881,144	11,654,983,097
Other deposits	12,117,263	13,181,489
	16,148,998,406	11,668,164,585
Opening 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
	4,480,833,821	3,190,534,823
41.00 Sanction and disbursement		
Sanction	4,553,200,000	4,166,680,513
Disbursement	3,249,937,121	2,693,998,586
Undisbursed	1,303,262,879	1,472,681,927
41.a Contingent liabilities		
Government	-	-
Directors	-	-
Bank and other Financial Institution	-	-
Other	1,303,262,879	1,472,681,927



2018 Taka	2017 Taka
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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	Syed Tanveer Hussain	Independent Director	Chairman	M.A. In Development Economics (USA)
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), ACII (UK)

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

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

	Meeting no	Held no
Meetings held by the committee during the year by date:	37th	15-Mar-18
	38th	24-Apr-18
	39th	18-Jul-18
	40th	25-Oct-18

Four meetings of the audit committee were held during the year 2018 where it carried out the following tasks:

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



2018 Taka	2017 Taka
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43.00 Highlights of overall activities

Highlights of the overall activities of the Company as at end for the year ended 31st December, 2018 are furnished below:

SL #	Details	2018	2017
01	Paid-up Capital	1,063,920,000	1,063,920,000
02	Total Capital	1,774,230,847	1,700,604,147
03	Capital surplus/(deficit)	774,230,847	700,604,147
04	Total assets	20,980,853,639	16,163,196,789
05	Total deposits	16,148,998,406	11,668,164,585
06	Total loans and advances	12,493,858,672	10,377,426,758
07	Total contingent liabilities and commitments	1,303,262,879	1,472,681,927
08	Credit deposit ratio	77.37%	88.94%
09	% of Classified loans against total loans and advances	4.21%	5.06%
10	Profit after tax and provisions	275,771,500	255,148,157
11	Amount of classified loans during the year	525,944,773	524,680,654
12	Provisions kept against classified loans	66,681,048	82,252,462
13	Provisions surplus/(deficit)	34,977,026	17,096,582
14	Cost of fund	8.06%	8.06%
15	Interest earnings assets	20,133,613,109	15,404,284,479
16	Non-interest earnings assets	847,240,530	758,912,311
17	Return on investments (ROI)	5.50%	4.93%
18	Return on assets (ROA)	1.48%	1.80%
19	Income from investments	7,643,076	21,597,797
20	Weighted average earnings per share	2.59	2.40
21	Net income per share	2.59	2.40
22	Price earning ratio	18.38	19.54
23	Return on equity (ROE)	15.87%	15.29%
24	Net asset value per share (NAV)	16.68	15.98

44.00 Company information

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

45.00 Geographical area of operation

Company's geographical area of operation was in Dhaka, Gazipur, Chattogram, Bogura and Rangpur in the year 2018.

46.00 Capital expenditure commitment

There was neither any outstanding contract nor any Board authorization for capital expenditure as at December 31, 2018.

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

No material event has been occurred after the Balance Sheet date, which could materially effect the value of the financial statements except the Board of Directors in its 207th Meeting held on March 18, 2019 has recommended cash dividend @10.00% i.e Taka 1.00 per ordinary share and stock dividend @10.00% (i.e. one bonus share for every ten ordinary shares held) for the year ended 31 December, 2018 for placement before the shareholders for approval the 20th Annual General Meeting.

48.00 Claims against the company not acknowledge as debt

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

49.00 Credit facility availed

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

50.00 Closing price of share

The Company traded its ordinary shares in CDBL through DSE & CSE from 1st January 2009. The closing market price on the closing of the year was Tk.47.70 and Tk.47.60 respectively in the DSE & CSE.

51.00 "Worker's Profit Participation Fund" (WPPF)

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

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



53.00 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. 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. Akhtar Ahmed Representing Reliance Insurance Ltd.	Director	Reliance Insurance Ltd
Mr. Muminul Haque Chowdhury Representing Borak Travels (Pvt.) Limited	Director	Borak Travels (Pvt.) Limited
Mr. Azmal Hossain Representing Eastern	Director	Eastern Insurance Co. Ltd. Hashem Paper Mills Ltd.
Mr. M. Nurul Alam Representing Shaw wallace	Director	Shaw Wallace Bangladesh Ltd SW Shipping Ltd.
Mr. Md. Kabir Reza FCMA Representing Square	Director	Square Pharmaceuticals Ltd. United Financial Trading Company Limited



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

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

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

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

53.05 Related party transactions

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

Name of related	Transaction	Balance at year end receivable (payable)
		Taka
National Bank Ltd. (Sponsor Director)	STD/CD account	14,336,383
National Life Insurance Co. Ltd. (Sponsor Director)	Term deposit	90,000,000
Square Pharmaceuticals Ltd. (Sponsor Director)	Term deposit	1,850,000,000
Reliance Insurance Co. Ltd. (Sponsor Director)	Term deposit	170,000,000
Bangladesh Lamp (Sponsor Director)	Term deposit	37,658,276
		2,161,994,659


Md. Khalilur Rahman
Managing Director


Md. Kabir Reza
Director


Syed M. Akraf Hussain
Director


Latifur Rahman
Chairman



Fixed assets including premises, furniture and fixtures for 2018.

(Annexure-A)

Figures in Taka

Particulars	Cost			Rate	Depreciation				Written down value		
	Balance as on 01.01.18	Disposed during the year	Addition during the year		Balance as on 31.12.18	Adjustments for disposal	Charged during the year	Balance as on 31.12.18	Written down value as on 31.12.18	Written down value as on 31.12.17	
Land & building	96,509,093	-	-	96,509,093	10.00%	27,512,239	-	1,177,686	28,689,925	67,819,168	68,996,854
Newly acquired Building	142,555,215	-	-	142,555,215	3.00%	8,425,013	-	4,023,906	12,448,919	130,106,296	134,130,202
Furniture	27,229,569	127,141	608,837	27,711,265	10.00%	9,049,422	99,219	1,876,107	10,826,310	16,884,955	18,180,147
Office equipment	17,707,746	161,625	3,708,039	21,254,160	20.00%	10,302,958	147,125	2,219,665	12,375,498	8,878,662	7,404,788
Motor vehicle	11,537,484	1,895,000	-	9,642,484	20.00%	6,088,288	1,764,777	1,063,795	5,387,306	4,255,178	5,449,196
Total:	295,539,107	2,183,766	4,316,876	297,672,217		61,377,920	2,011,121	10,361,159	69,727,958	227,944,259	234,161,187

