

# ANNUAL REPORT 2014



*National Housing Finance  
And Investments Limited*

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## Notice of the 16th Annual General Meeting

Notice is hereby given that the 16th Annual General Meeting of National Housing Finance And Investments Limited will be held at Lakeshore Hotel, Road: 41, House: 46, Gulshan 2, Dhaka-1212 on Tuesday, 12th May, 2015 at 11.00 a.m. to transact the following business:

### Agenda

1. To receive, consider and adopt the audited financial statements of the Company for the year ended 31 December, 2014 together with reports of the Auditors.
2. Declaration of dividend for the year ended 31 December, 2014.
3. To elect Directors in accordance with the relevant provisions of the Articles of Association of the Company.
4. To appoint Auditors and fix their remuneration for the year 2015.
5. To approve the re- appointment of Independent Director.

By order of the Board

  
**(Md. Sarwar Kamal, ACS)**  
Company Secretary  
Dated: April 02, 2015

### Notes:

- i) The record date will be 15 April, 2015 to determine the rights of Shareholders to current dividend and to attend & vote at the meeting.
- ii) Pursuant to Section 85 of the Companies Act, 1994, the Company gives notice that only the shareholders whose names are entered on the Register or Depository Register of Shareholders on record date will be entitled to attend and vote at the meeting and at any adjournment thereof.
- iii) A shareholder may, as per Article 98 of the Articles of Association of the Company, appoint Proxy to attend and on a pool, to vote instead of him/her. The instrument appointing a proxy and the Power of Attorney, where applicable, must be deposited at the Corporate Office at least 48 hours before the time of holding the meeting. The Proxy Form must be affixed with revenue stamps of Tk. 20.00.
- iv) Members are requested to notify change of address, if any, through their respective Depository Participants well in time.
- v) The members are requested to update their respective BO Accounts with 12 digits e-TIN number before the Record Date. If any shareholder fails to update his/her BO Account with e-TIN disbursement of his/her dividend will be subject to deduction of Advance Income Tax (AIT) 15% instead of 10% (for individual) as per Section 54 of the amended Income Tax Ordinance, 1984.
- vi) For convenience, the Shareholders/Proxy are requested to record their entry at the entrance of the AGM on 12 May, 2015 in between 9.00 a.m. to 11.00 a.m.

**N.B: In compliance with the Bangladesh Securities and Exchange Commission's Circular No. SEC/CMRRCD/2009-193/154 dated October 24, 2013, no Gift/Gift Coupon/Food Box shall be distributed at the AGM.**

## Corporate Information & Key Milestones

Registered Name	:	<b>National Housing Finance And Investments Limited</b>
Legal Form	:	Public Limited Company under Companies Act, 1994
Incorporated on	:	August 18, 1998
Registration Number	:	C-36097(397)/98
Authorized Capital	:	BDT 2,000 Million
Paid-up Capital	:	BDT 1063.92 Million
Certificate of Commencement	:	August 18, 1998
Date of Bangladesh Bank License	:	December 29, 1998
First Mortgage Loan	:	June 16, 1999
Opening of Motijheel Branch	:	August 18, 2001
First Lease Finance	:	February 22, 2004
Opening of Chittagong Branch	:	April 06, 2004
Opening of Gulshan Branch	:	June 01, 2004
Date of Listing:-		
Dhaka Stock Exchange	:	December 23, 2008
Chittagong Stock Exchange	:	November 11, 2008
Opening of Bogra Branch	:	April 19, 2009
Opening of Rangpur Branch	:	October 16, 2014

### **Registered office:**

National Plaza (7th & 8th Floor), 109, Bir Uttam C.R. Datta Road (Ex-Sanargaon Road), Dhaka-1205

Tel: 9670612-4, 9677181-2, 9669800 Fax: 9671016

Web: [www.nationalhousingbd.com](http://www.nationalhousingbd.com)

E-mail: [info@nationalhousingbd.com](mailto:info@nationalhousingbd.com)

### **Auditors:**

Howladar Yunus & co.

Chartered Accountants

House: 14 (4th Floor) Road: 16/A, Gulshan-1, Dhaka-1212

### **Governance Compliance Auditor**

SA Rashid & Associates

Chartered Secretary in Practice

Noakhali Towar (10th Floor, 11-F), 55/B Purana Paltan, Dhaka-1000.

### **Legal Advisor:**

Barrister Masudur Rahman, (Masudur Rahman & Associates), Barrister ASM Abdur Razzaque, (Abdur Razzaque & Associates), Barister Monzur Alam Khan (Legal Professional), Barrister Nuruzzaman (Justiciars), Advocate Abdul Kuddus, (Law and Remedy)

### **Tax Advisor:**

Syful Shamsul Alam & Co., Chartered Accountants and Tuheen & Associates,

### **Membership:**

Bangladesh Leasing & Finance Companies Association (BLFCA)

Metropolitan Chamber of Commerce & Industry (MCC)

International Chamber of Commerce-Bangladesh (ICC- Bangladesh)

Bangladesh Association of Publicly Listed Companies (BAPLC)

# Vision



## **Our Vision**

Become the role-model financial institution with a keen sense of corporate social responsibility through maintaining the highest standards of business ethics. In doing so, the Company would add value to the wealth of the customers, employees, shareholders and society as a whole.

## **Our Goal**

Build up excellent client relationship and thereby add long-term value to the shareholders.





## OUR MISSION



### Our Mission

Be equal Housing Lender to all, irrespective of caste, creed and sex. Provide quality services with care and sophisticated technology. Create innovative products to cater to the requirement of the competitive market. Build a high quality employee team by providing job satisfaction and prospect of outstanding career development. Maximize steady return on shareholders' equity by quality investment of funds.

## CORE VALUES!



### Our Core Values

- Protect national interest and be part of national growth and prosperity.
- Create good leaders rather than typed managers.
- Give high priority on honoring trust, fairness, confidentiality, rules and regulations, objectivity, transparency, integrity, and corporate, individual and social responsibility.
- Always keep pace with state of the art technology and innovative ideas.

## Our Objectives





## Code of Conduct and Ethical Principles

- Maintain strict professional integrity, proficiency, decency and self-esteem with the customers and related parties.
- Comply with all applicable laws, rules and regulations.
- National Housing is always straightforward in disclosing and conflict to interest.
- Maintain stringent confidentiality of customer's information unless otherwise directed by competent regulatory authority.
- Courtesy and cooperation to the client is our manifesto. Encourage employees to act in a professional and ethical manner so as to create a good impression of National Housing and its employees. Trustworthy commitment to customers to build long-term relationship.
- Apply professional judgment and high quality care in all cases.
- Apply own corporate policies and appropriate technical and professional standards for rendering services to the client.
- Encourage and act against falsification, dishonesty, fraud, trickery and forgery.
- Uphold the Company's good name and integrity.



## Corporate Social Responsibility



The business and economic environments have undergone dramatic changes all over the world. Escalation of poverty and climate changes have become great hurdles for economic growth of the world. Considering these, the concept of Corporate Social Responsibility (CSR) is the demand of the current era. CSR has become a concept that frequently overlaps similar approaches, such as corporate sustainability, corporate sustainable development and corporate responsibility.

To meet CSR, the sponsors of National Housing Finance And Investments Limited formed a Public Limited Company under the Companies Act, 1994 and licensed by Bangladesh Bank under the Financial Institutions Act, 1993 to meet the most important basic need of housing of urban people. National Housing Finance is a socially responsible organization and always keen to promote the interest of customers, employees, shareholders and communities as a whole. National Housing Finance has upheld its CSE in the following ways,

- National Housing Finance has provided 4,717 Home Mortgage Loans over the years at comparatively low interest rate on reasonable terms, and for long durations.
- A good number of clients got waiver of interest due to their inability to pay the loan because of permanent disability or through death, Furthermore, their loans are rescheduled for reasonable durations with installments commensurate with their ability to pay their loans.
- National Housing is always strict on principle about not providing any lease/loan facilities for any environmentally hazardous or child labor oriented company.

## Products & Services

### Home Mortgage Loan

- Self construction of own home
- Purchase of apartment or house
- Renovation of existing house/apartment
- Housing plots purchase
- Commercial space and chamber of professionals
- Any purpose mortgage loan

### Project Mortgage Loan

- Project mortgage loan for Property development

### Lease Finance

- Acquisition of industrial machineries, equipment, generator, power plant etc.
- Car purchase
- Medical/Hospital equipments

### Term Loan for Industries

- Work order finance
- Factoring

### SME Finance

- Agro based processing industrial loan
- Women Entrepreneur Loan
- Cluster financing

### Deposit Schemes With Attractive Return

- Term Deposit Account
- Double Money Account
- Income Account
- Monthly Savings Scheme (MSS)
- Millionaire Savings Account



## Our Departments



## Shareholding Structure

<b>Sponsor Shareholders</b>	<b>87.05 %</b>
<b>Banks</b>	<b>14.15%</b>
IFIC Bank Limited	
National Bank Limited	
United Commercial Bank Limited	
<b>Insurance Companies</b>	<b>33.15%</b>
Eastern Insurance Company Limited	
Eastland Insurance Company Limited	
Jiban Bima Corporation.	
National Life Insurance Company Limited	
Pragati Insurance Limited	
Reliance Insurance Limited	
Sadharan Bima Corporation	
<b>Local Corporate/Business Groups</b>	<b>32.45%</b>
Bangladesh Lamps Limited	
Borak Travels (Pvt.) Limited	
HRC Bangladesh Limited	
Shaw Wallace Bangladesh Limited	
Square Pharmaceuticals Limited	
Summit Industrial and Mercantile Corporation (Pvt.) Limited	
Unicorn Equities Limited	
<b>Non-Resident Bangladeshi Investors</b>	<b>7.30%</b>
Overseas Investors Forum (UK)	
Overseas Investors Forum (Zambia)	
<b>General Shareholders</b>	<b>12.95%</b>

## Directors' Profile



### **Latifur Rahman**

Chairman  
Representing Bangladesh Lamps Limited

Mr Latifur Rahman is the Chairman and CEO of Transcom Group, with annual turnover of around Taka 39 billion, employing over 13000 people. The business originated with tea plantations in 1885.

Group companies dealing with beverages, electronics, pharmaceuticals, fast food, snacks and breakfast cereals, distributions, print media and tea include, Transcom Beverages, Transcom Electronics, Eskayef Bangladesh, Transcom Foods, Transcom Distribution Company, Transcom Consumer Products, Mediastar, Mediaworld and Tea Holdings.

Transcom is a major stakeholder of Reliance Insurance Limited, National Housing Finance and Investments Limited, IDLC Finance Limited and Pubali Bank Limited.

Mr Latifur Rahman is Chairman of Nestlé Bangladesh and Holcim Cement (Bangladesh) Limited. He is a member of the Governing Body of BRAC, world's largest NGO.

Mr. Rahman is currently the Vice President of ICC – Bangladesh. Mr. Rahman has also been elected as a Member of the Executive Board of International Chamber of Commerce, Paris for a 3-year term w.e.f 1st July 2014.

He is a former President of Metropolitan Chamber of Commerce, the position he held for seven terms and also a former President of Bangladesh Employers' Federation (two terms).

Mr. Rahman was Chairman, Tradebody Reforms Committee, Member – Bangladesh Better Business Forum, Advisory Committee on WTO. He was Member of the Executive Board of Bangladesh Bank (Central Bank).

Mr. Rahman is an Honouree of "Oslo Business for Peace Award 2012" and was awarded Business Executive of the Year 2001 by American Chamber in Bangladesh.





**Mr. Akhtar Ahmed**

Director  
Representing Reliance Insurance Limited

After completing B.A. (Honors) and M.A. from Dhaka University in 1970, Mr. Akhtar Ahmed joined Eastern Federal Union Insurance Company, the largest insurance company in the then Pakistan, as an Executive Officer. Following the nationalization of insurance industry in Bangladesh in 1972, his services were absorbed in Sadharan Bima Corporation.

In 1981 he joined Asian Reinsurance Corporation and served there in various Managerial position till 1989. In 1989 he joined Arab Insurance Group, the largest insurance organization of the Middle East and served for 14 years in various positions as Chief Manager, Regional General Manager and Chief Executive of its Far East operations, based in Hong Kong and Kuala Lumpur.

Mr. Ahmed returned back home in 2003 and served as Managing Director of Sadharan Bima Corporation till February 2004. In 2005 he completed an assignment as Consultant to KPMG, Abu Dhabi, on a project for setting up a large reinsurance company in the Middle East. Mr. Ahmed is Advisor of Reliance Insurance Ltd.

Mr. Ahmed is an Associate of Chartered Insurance Institute, UK.



**Mr. Jalal Ahmed**

Director  
Representing IFIC Bank Limited

Mr. Jalal Ahmed completed both his Masters and Bachelors in Public Administration from the University of Dhaka.

Mr. Ahmed has served the Government of Bangladesh for nearly 3 decades in various positions such as Deputy Commissioner of Thakurgaon and Faridpur District; Joint Secretary, Energy Division during which period he also served as the PD of the Hydrocarbon Unit, a technical wing of the Division and also headed the Geological Survey of Bangladesh for a brief period; Chief Metropolitan Magistrate of Dhaka; Chairman of Bangladesh Oil, Gas & Mineral Corporation (Petrobangla); and Vice Chairman of Export Promotion Bureau (EPB). He has joined the Ministry of Finance as Additional Secretary in September 2012. Mr. Ahmed is committed to community service and involved in various social organizations.

He is nominated Director from GoB in IFIC Bank Ltd., Bangladesh Telecommunication Company Ltd. (BTCL), Bangladesh Submarine Cable Company Ltd. (BSCCL), Bangladesh Service Ltd., British American Tobacco Ltd. and Industrial Promotion and Development Co. Ltd. (IPDC)



**Mr. Shamsul Huda Khan**

Director  
Representing National Bank Limited

Mr. Shamsul Huda Khan assumed as Managing Director of National Bank Limited in December 2014. Prior to joining as the Managing Director and CEO, he was serving the Bank as the Additional Managing Director.

Mr. Khan commenced his banking career in Pubali Bank Limited as Probationary officer in 1980, where he served as Branch Manager before joining National Bank. Mr. Khan has been serving in National Bank since 1985. In abroad he served in Kuwait as the Chief Executive of Al Baghli Exchange Company and Manager as Durrani International Exchange Co. Ltd, Kuwait. He was the CEO of Balaka Exchange Pte Ltd in Singapore (currently NBL Money Transfer Pte Ltd, Singapore).

As the Head of International Division, he played a key role in establishing fully owned overseas subsidiary exchange companies of National Bank Ltd. in Singapore, Malaysia, Maldives, Greece and USA.

Mr. Khan, holds a Masters degree in Finance from the University of Dhaka, has enriched his career by attending many training courses and workshops at home and abroad.



**Mr. Morshed Alam**

Director  
Representing National Life Insurance Co. Limited

Mr. Morshed Alam, M.P is one of the most renowned and widely known business and industrial entrepreneur of the country. He was declared CIP for the year 1996-97, 2000-01 & 2009-10 by the Ministry of Commerce, Government of the People's Republic of Bangladesh, for his remarkable contribution in business arena. He has also been awarded National Export Trophy for exports for the year 1997-98, 2006-07 and also for 2009-10.

With perception and technical expertise he has become a leading entrepreneur of the country. He is founder of the Bengal Group of Industries, which consists of Bengal Plastic Ltd., Bengal poly paper and sack Ltd., Bengal Overseas Corporation Ltd., Bengal petrochem Synthetic Textile Ltd., Romania Food & Beverage Ltd., Bengal Adhesive & Chemicals Products Ltd., Bengal Concept & Holdings Ltd., Power Utility BD Ltd., Romania Agrovat Ltd., Bengal Windsor Thermoplastic Ltd., Bengal Corrugated Carton Ind Ltd., Poly Cord Ltd., Bengal Polymer Wears Ltd., and Bengal Multimedia Ltd. He is the Chairman of RTV and Director of Desh General Insurance Company Ltd., Director of United Hospital Ltd., Director of People's University of Bangladesh and also Chairman of Mercantile Bank Ltd. and National Life Insurance Company Ltd. Mr. Alam is a philanthropist. He is the founder of Morshed Alam High School at Nateswar, Noakhali, Life donor of Kazi Nagar Madrasha and Bazra High School at Noakhali and Motijheel Ideal High School, Dhaka.



## ***National Housing Finance And Investments Limited***



### **Mr. Mahbubur Rahman**

Director  
Representing Eastland Insurance Co. Limited

Mr. Mahbubur Rahman, President, International Chamber of Commerce (ICC) – Bangladesh, *The world business organization* entered into business in early sixties.

He is the founder of ETBL Holdings Ltd., Eastern Trading (Bangladesh) Ltd., ETBL Development Construction Ltd., ETBL Securities & Exchanges Ltd., Progressive Investments Ltd. (successors to the National Rubber Industries), Century Cold Storage Ltd., Mr. Rahman is also a leading Sponsor of the Eastland Insurance Co. Ltd., International Publications Ltd. (Publisher of the Daily Financial Express), National Bank Ltd and National Housing Finance and Investments Ltd.

He has been very active in various business forums & social organization. He represented Government of Sri Lanka in Bangladesh during 1972-79.

Mr. Mahbubur Rahman is also a Member of ICC World Council, Paris, Business Advisory Council (BAC) of UN-ESCAP (United Nations Economic and Social Commission for Asia and the Pacific), Chairman, Bangladesh International Arbitration Centre (BIAC), Member, Board of Governors, Institute of Business Administration (IBA), University of Dhaka, Founder Member, Independent University Bangladesh, Bangladesh Foreign Trade Institute (BFTI).

Mr. Rahman served FBCCI (Federation of Bangladesh Chambers of Commerce & Industry) as President during 1992-94, President of the Dhaka Chamber of Commerce & Industry (DCCI) 1985-86 & 1991-92, Member, Global Executive Board of ICC Paris (1997-99), Founder Vice President, SAARC Chamber of Commerce, Vice President (West Asia), Islamic Chamber of Commerce, Industry and Commodity Exchange (1993-95).



### **Mr. Mizanur Rahman**

Director  
Representing Shaw Wallace Bangladesh Limited

Mr. Mizanur Rahman is Former Managing Director of Shaw Wallace Bangladesh Ltd and Nominated Director of Shaw Wallace Bangladesh Limited on the Board of National Housing Finance And Investments Ltd. He is also Director of SW Shipping Ltd.

Mr. Rahman holds a BA (Hons) degree in Economics from University of Dhaka and is an Associate of the Chartered Institute of Bankers (UK). He is also Honorary Advisor to the Bangladesh Container Shipping Association and Trustee of the NBR-registered educational charity, A F Mujibur Rahman Foundation.





**Mr. Md. Kabir Reza FCMA**

Director  
Representing Square Pharmaceuticals Limited

Mr. Md. Kabir Reza is the group Finance Director of Square Pharmaceuticals Ltd and Managing Director of United Financial Trading Company Limited. He is a Fellow member of Institute of Cost and Management Accountant. He obtained B.Com (Hons.) and M. Com. from Rajshahi University. A man of strong personality and unbendable principle, his long business and private service career are decorated with unmatched success.

Mr. Reza started his career with Rafkhat Group of companies as an Assistant Manager (Accounts) from 1991 to 1993. Then he took the responsibility of chief accountant of Bangladesh Engineering & Technological Services Limited during the period from 1993 to 1995. At the height of his professional career, he became the director of Accounts and Finance of Square Pharmaceuticals Limited on the year 2000. In addition to that he is a Director of Strategic Equity Management Limited (Asset Mgt. Company), Eastern Logistic Services Limited.



**Mr. Jowher Rizvi**

Director  
Mr. Jowher Rizvi, Director and Chairman Executive Committee of NHFIL completed his MBA degree in International Finance and Accounting from Indiana University, USA. He also earned MA in Economics with Honors from Dhaka University.

Mr. Rizvi started his professional career with Bank of Credit and Commerce International (BCCI) in 1977 and at the same time was engaged with Institute of Business Administration (IBA) as a part time (Honorary) Lecturer. From 1991 to 1997, he served Union Bank Zambia Ltd., Zambia as its founder Managing Director. Returning to Bangladesh he established Alliance Holdings Limited (AHL) and started his journey as an entrepreneur. In 1997, along with his friend Mr. Muhammed Aziz Khan of Summit Group, he entered the Off-Dock business where Mr. Rizvi has since served as the Managing Director of Ocean Containers Limited (later on merged with Summit Alliance Port Limited). Subsequently in 2003, the two sponsors jointly made another valuable addition to the expanding Off-Dock industry of the Country by establishing Summit Alliance Port Limited (SAPL). SAPL is listed with the two major bourses of the country.

Mr. Rizvi, through AHL has substantial investments in Off-Docks, Beverage Manufacturing, Textile, Prefabricated Steel Building Manufacturing, Real Estate Development, Financial Institutions, Lubricant Blending, Telecommunications and Pharmaceutical etc. In spite of his busy schedule, he still finds time to pursue his favorite passion and teaches on part time (Honorary) basis at different educational institutions of the country.



**Mr. Muminul Haque Chowdhury**

Director  
Representing Borak Travels (Pvt.) Limited

Mr. Muminul Haque Chowdhury holds an M.S. in Economics from University of Darmstadt of New York. He also holds a Post Graduate Diploma in Energy Management from the State University of New York.

His area of specialization includes Business Administration, Negotiation, Financial and Economic Analysis, Monitoring and overall Management. Mr. Chowdhury is also an Advisor of Unique Group of Companies Limited. He has actively participated in many professional seminars at home and abroad.



**Mr. Azmal Hossain**

Director  
Representing Eastern Insurance Co. Limited

Mr. Azmal Hossain, Director of National Housing Finance and Investments Limited and Vice Chairman of Eastern Insurance Co. Ltd. He is also Managing Director of Hashem Paper Mills Ltd. He has been involved in manufacturing of electric goods, paper, housing beside insurance.

***National Housing Finance  
And Investments Limited***



**Syed Tanveer Hussain**

Independent Director

Syed Tanveer Hussain is a retired senior bureaucrat with more than 35 years experience in Government. After retiring, he now heads "Climate Change Company", a climate and environmental services company.

Mr. Hussain has held the post of Secretary in several key ministries such as Housing and Public Works Ministry, Textile, Planning, the last being as Secretary, Ministry of Environment and Forests.

In 2001, Mr. Hussain was the National Censes Commissioner and conducted the national census for that year. Prior to his being Secretary Mr. Hussain was the Chief Controller of Insurance.



**Professor Imran Rahman**

Independent Director

Professor Imran Rahman is the Vice Chancellor of the University of Liberal Arts Bangladesh (ULAB). He has twenty-nine years of teaching experience, including twenty-two years at the Institute of Business Administration (IBA) as a teacher of investments, capital markets and corporate finance, in the MBA and BBA Programs.

He ran a merchant bank for six years in the 1990s, and has twenty five years of corporate consulting experience at home and in the UK. Professor Rahman was a doctoral researcher in finance at the Manchester Business School in the mid eighties. He has a MBA from IBA and a B.Sc. in Economics from the London School of Economics and Political Science.





**Mr. Imtiaz Mahmood**

Independent Director

Mr. Imtiaz Mahmood is a reputed Lawyer of Bangladesh Supreme Court. He has expertise in Company Law matters. He obtained his LL.B (Hon's) from University of London UK in 1993.

He started his legal career as an Associate of House of Law, Barrister, Solicitors, Advocate and Tax consultant. Later he worked as an Associate, in Dr. Kamal Hossain & Associates from September 1996 to May 2000. At present he is a partner of Mahmood Jabbar Khan, Barrister & Advocates, Dhaka.

Mr. Mahmood has experience in handling Legal matters of Direct Foreign Investment, Petroleum, Mineral Resources, Power, Telecommunication and in Commercial Arbitration both Foreign and Local including ICC.



**Mr. Md. Khalilur Rahman**

Managing Director

Mr. Md. Khalilur Rahman joined as Managing Director of National Housing Finance And Investments Ltd. (NHFIL) in February 2015. Prior to join as Managing Director he was Additional Managing Director of NHFIL from October 2013.

Mr. Rahman has more than 35 years experience in various Banks & NBFIs at home and abroad. He stated his career with Bangladesh Shilpa Bank as Senior Officer (Financial Analyst) in the year 1979. He also worked with IFIC Bank as Senior AVP, Southeast Bank as VP, IIDFC as AMD and BIFC as MD. He has been successfully discharging his assignments while posted at various capacities of his career at home and abroad.

Mr. Rahman completed his MBA from IBA, University of Dhaka.

## Management Team



***National Housing Finance  
And Investments Limited***

**Managing Director**

Md. Khalilur Rahman

**Senior Vice President**

Md. Kamal Pasha

**Vice President**

Shital Chandra Saha

**Assistant Vice President**

Md. Nazrul Islam  
Md. Abdul Baten  
Abu Naser Md. Ahad Sarker  
Sayed Ahmed, FCMA  
Md. Sarwar Kamal, ACS  
Mahbubur Rashid Al Amin

**First Assistant Vice President**

Md. Ziaul Karim  
Md. Omer Farooq  
Sabiha Kashmiri  
Md. Jahedul Islam

**Manager**

Ruhul Amin  
Shibbir Ahmed  
Israt Jahan  
Rajib Ahasan Khan  
Sharmin Zahan  
Md. Mezanur Rahman  
Kabir Hossain  
Md. Abdul Al Sumon  
Mohammad Qumrul Hasan  
A.M. Enayet Karim

**Deputy Manager**

Nayan Malakar  
Dilip Chandra Roy  
Zakaria Ferdous Russell

Md. Azizur Rahman  
Md. Anowar Hossain  
Masbha Uddin  
Ibrahim Khalil  
Probir Shel  
Sirajul Islam  
Mohammed Shahjahan  
Md. Mashiur Rahman  
Purna Chandra Deb Sharma

**Assistant Manager**

Tanvir Ahmed  
Abdullah Al Kafi  
Mehedi Hasan  
Md. Moaychan Ali  
Sheikh Farid  
Al Faruq  
Md. Monirul Hasan  
Kh. Sayful Islam Rana  
Md. Abu Faysal Rony  
Suraiya Yeasmin  
Md. Mostafizur Rahman  
Syed Sharif Ahmed Sumon  
Md. Junayed Abedin  
Reza Karim Md. Khaled  
Humayun Ahmed  
Md. Maidul Islam

**Chief Financial Officer**

Sayed Ahmed FCMA

**Company Secretary**

Md. Sarwar Kamal ACS

**Branch In-Charge**

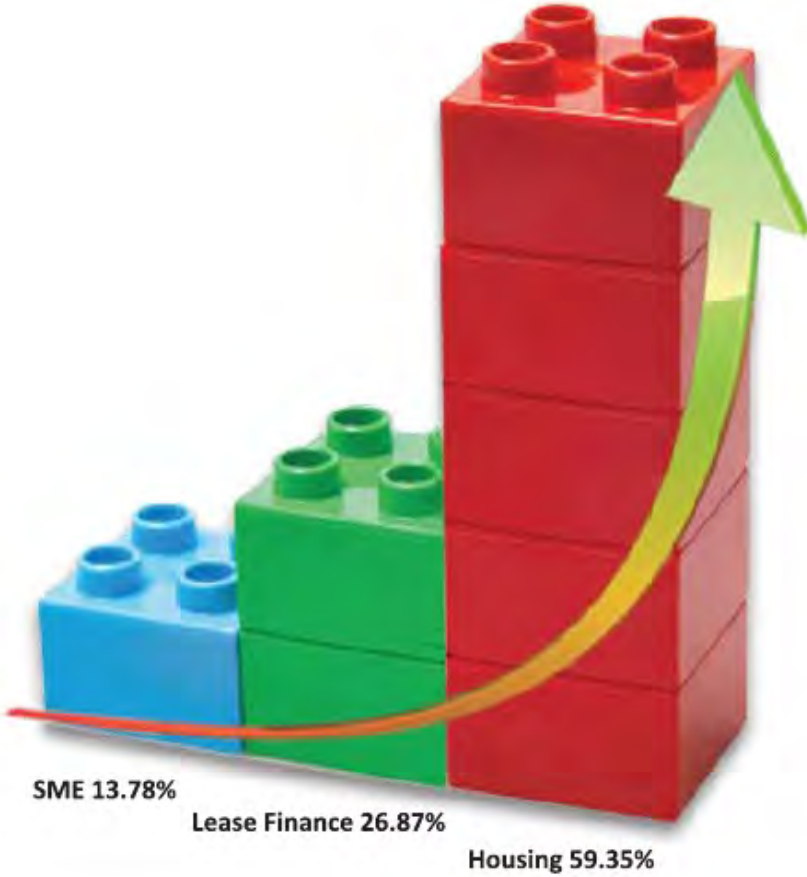
Abu Naser Md. Ahad Sarker	Bogra
Sabiha Kashmiri	Motijheel
Md. Jahedul Islam	Rangpur
Kabir Hossain	Gulshan
Mohammad Qumrul Hassan	Chittagong



## Bankers

- ▶ Bank Al-Falah Limited
- ▶ Bank Asia Limited
- ▶ Eastern Bank Limited
- ▶ Islami Bank Bangladesh Limited
- ▶ Jamuna Bank Limited
- ▶ Mercantile Bank Limited
- ▶ Midland Bank Limited
- ▶ National Bank Limited
- ▶ One Bank Limited
- ▶ Prime Bank Limited
- ▶ Pubali Bank Limited
- ▶ Shahjalal Islami Bank Limited
- ▶ The Hongkong and Shanghai Banking Corporation Limited
- ▶ The Premier Bank Limited
- ▶ The Trust Bank Limited
- ▶ United Commercial Bank Limited

**Portfolio**



## Financial Highlights

### Business Environment and Its Likely Impact on the Financial Performance of NHFIL

These statements involve uncertainties and actual achievements may differ from plans and expectations due to changes in the business environment. Following are some major factors that may affect the business environment:

- Change in the country's general economic conditions.
- Natural calamities and political disturbances.
- Changes in commodity price levels.
- Further volatility in interest rates.
- Changes in government policies
- Changes in corporate income tax rate and VAT.
- Changes in Monetary policies of the Bangladesh Bank.
  - Increase in provisioning requirements.
  - Increase in statutory liquidity reserves and cash reserve requirements by the Bangladesh Bank.
  - Change in the Bangladesh Bank's re-financing scheme.

### Key Operating and Financial Highlights

(Figures in Million Taka except ratios and per share data)

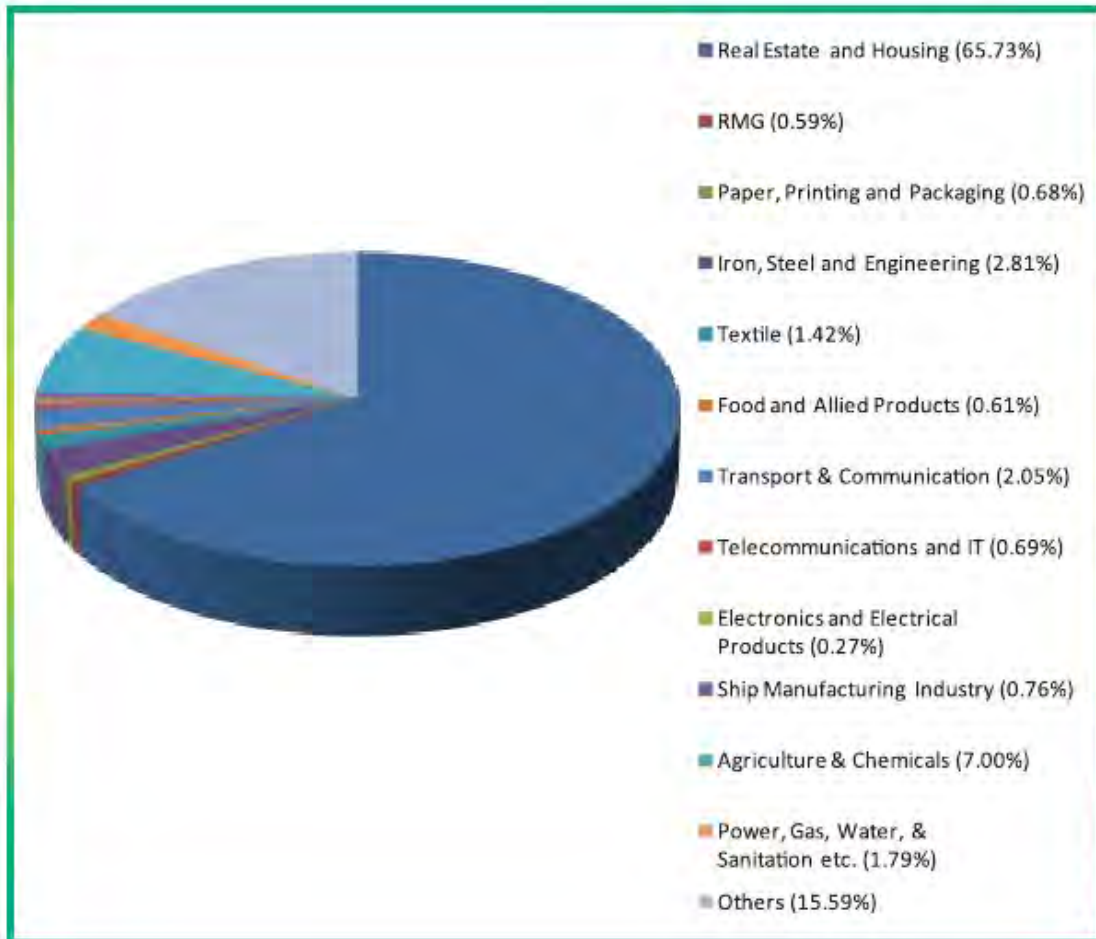
Particulars	2014	2013	2012	2011	2010
<b>Operational Highlights</b>					
Housing loan sanction	1,552.64	907.50	280.70	401.50	332.69
Lease, Term and SME loans sanction	518.41	629.60	788.50	971.58	1,406.39
Housing loan disbursed	1,126.72	836.35	183.77	350.36	620.59
Lease, Term and SME loans disbursed	554.17	555.88	738.32	667.73	889.69
Cumulative housing loan disbursed	7,131.20	6,004.48	5,168.13	4,984.36	4,013.41
Cumulative lease, Term and SME loans disbursed	6,065.62	5,511.44	4,955.56	4,217.24	2,659.82
Cumulative housing loan sanction	8,329.04	6,776.39	5,868.89	5,588.19	4,854.00
Cumulative lease, Term and SME loans sanction	6,089.72	5,571.31	4,941.71	4,153.21	1,775.24
<b>Financial Highlights</b>					
Operational income	436.00	368.22	248.95	278.20	326.17
Operational expenses	87.39	74.56	68.52	65.74	53.62
Financial expenses	469.13	524.72	480.62	476.46	362.84
Administrative Expenses	74.49	59.65	55.80	52.26	42.63
Profit before tax	337.40	233.92	80.01	217.71	253.05
Provision for taxes	127.80	66.45	38.57	101.45	91.03
Net profit after tax	209.60	167.47	41.44	116.26	162.01
Shareholders' fund	1,502.69	1,426.08	915.41	873.97	809.71
Total deposit	3,826.43	3,288.67	2,739.72	2,187.41	2,805.73
Total borrowing	967.21	1,007.38	1,193.26	1,471.02	1,174.92
Total loan portfolio	5,478.01	4,799.35	4,416.69	4,268.57	4,096.34
Total balance sheet size	6,857.11	6,266.52	5,466.81	5,088.52	5,279.39
NPL ratio (%)	5.79%	6.47%	10.10%	6.42%	8.02%
<b>Financial ratios</b>					
Earnings per share	1.97	1.57	0.39	1.09	1.52
Dividend per share	15.00%	12.50%	5.00%	20.00%	20.00%
Net asset value per share	14.12	13.40	8.60	8.21	7.61
Financial expenses coverage (times)	1.72	1.45	1.17	1.46	1.70
Profit margin (before tax)	37.28%	26.20%	10.97%	28.85%	36.73%
Profit margin (after tax)	23.16%	18.76%	5.68%	15.41%	23.51%
Return on equity	14.31%	14.30%	4.63%	13.81%	20.93%
Debt equity ratio	3.45	3.25	4.68	4.59	5.27

Note- Prior years' number of shares have been adjusted to reflect bonus/right share issued in 2013.



## Sectoral Portfolio(%)

Real Estate and Housing	65.73%
RMG	0.59%
Paper, Printing and Packaging	0.68%
Iron, Steel and Engineering	2.81%
Textile	1.42%
Food and Allied Products	0.61%
Transport & Communication	2.05%
Telecommunications and IT	0.69%
Electronics and Electrical Products	0.27%
Ship Manufacturing Industry	0.76%
Agriculture & Chemicals	7.00%
Power, Gas, Water, & Sanitation etc.	1.79%
Others	15.59%
	<b>100.00%</b>



*National Housing Finance  
And Investments Limited*

## Value Added Statement

For the year ended December 31, 2014

The value added statement represents the value created by National Housing Finance And Investments Limited through operational activities and shows the total worth created and how the same was distributed to meet various obligations and reward those responsibilities for its creation. A portion of added value has also been retained in the company for continued operation and expansion of NHFIL.

Figures in BDT

Particulars	31-Dec-14		31-Dec-13	
	Amount	%	Amount	%
<b>Value added</b>				
Net interest income	412,217,723	104.23%	352,614,104	126.98%
Fees earned	151,200	0.04%	122,650	0.04%
Investment income	(162,337)	-0.04%	554,932	0.20%
Other income	23,787,273	6.01%	14,924,126	5.37%
Operating expenses excluding staff cost and depreciation	(29,281,858)	-7.40%	(30,787,244)	-11.09%
Provision for loan, advances & investments	(11,219,880)	-2.84%	(59,733,404)	-21.51%
<b>Total value added by the company</b>	<b>395,492,121</b>	<b>100%</b>	<b>277,695,164</b>	<b>100%</b>
<b>Distribution of value addition</b>				
Employees as remuneration	54,145,682	13.69%	39,014,656	14.05%
Dividend to ordinary shareholders	159,588,000	40.35%	132,990,000	47.89%
Income tax	127,800,197	32.31%	66,450,222	23.93%
	341,533,879	86.36%	238,454,878	85.87%
<b>Retained for expansion and future growth</b>				
Value retained in the business	49,998,461	12.64%	34,482,057	12.42%
Depreciation	3,959,782	1.00%	4,758,229	1.71%
<b>Amount distributed</b>	<b>395,492,121</b>	<b>100%</b>	<b>277,695,164</b>	<b>100%</b>

Number of employees at the end of the year

101

89

**Value created per employee (BDT)**

**3,915,764**

**3,120,170**

Number of shares

106,392,000

106,392,000

**Value created per share (BDT)**

**3.72**

**2.61**

## Economic Value Added (EVA) Statement

For the year ended December 31, 2014

Economic value added is value-based financial performance measures which reflects the absolute amount of shareholders' value created or destroyed during each year. It provides a measurement of a company's economic success or failure over a period of time. Such a yardstick is useful to Investors who wish to place confidence with the company to retain their fund for better earnings as compared to other similar companies or similar industry. Economic value added is calculated by taking a company's net operating profit after tax subtracting from it cost of average equity.

EVA has been calculated by the following formula:

$EVA = \text{Net operating profit after tax} - (\text{Capital employed} \times \text{Cost of equity})$

### NOPAT

NOPAT is the net operating profit after tax which is calculated by deducting the income tax expense from operating profit

*Figures in BDT*

Particulars	31-Dec-14	31-Dec-13
Net operating profit	348,617,674	293,655,683
Provision for taxes	127,800,197	66,450,222
Net operating profit after tax (NOPAT)	220,817,477	227,205,461

### Charges for capital

Capital employed	1,573,553,746	1,312,190,155
Cost of equity (%)	11.60%	13.23%
Capital charge	182,532,235	173,602,757
Economic value added	38,285,243	53,602,703
Number of shares	106,392,000	106,392,000
Economic Value Added Per Share	0.36	0.50

### Cost of equity

Cost of equity reflects shareholders' expected return. Eventually this is the opportunity cost for shareholders for investing their funds in the company. Interest on 5 (five) years Government Treasury Bond plus a standard risk premium has been assumed to be the cost of equity.

Interest rate on 5 (five) years Government Treasury Bond on December 31	9.60%	11.23%
Standard Risk Premium	2.00%	2.00%
Cost of equity	11.60%	13.23%

### Capital employed as on December 31

Particulars	2014	2013	2012
Shareholder's equity	1,502,685,087	1,426,077,332	915,405,276
Accumulated provision for doubtful accounts and future losses	99,577,571	118,767,502	164,130,199
Total capital employed	1,602,262,658	1,544,844,834	1,079,535,475
Average capital employed	1,573,553,746	1,312,190,155	





**Message from  
the Chairman**

## Message from the Chairman

Dear Shareholders, Respected Guests, Ladies and Gentlemen,

I am delighted to welcome you to the 16th Annual General Meeting of National Housing Finance and Investments Limited. On behalf of the Board of Directors, I am taking the opportunity to thank you for your continuous support and cooperation which we consider a great source of strength for the progress of the Company.

Home is the dream of every human being. Shelter comes after food by preference. Residence is one of the basic needs of human being. The demand for housing in urban areas in a developing country like Bangladesh is dramatically increasing due to natural population increase and its fast growth rate. Rural people are migrating not only to find jobs but many wealthy people are moving to urban areas for fulfillment of their expectations of betterment of their future generations and for enjoying the modern facilities of city life. In fulfillment of the demand and with a view to increasing its business National Housing Finance opened a new branch in Rangpur on October 16, 2014 which is a new City Corporation in Bangladesh. Continuing on a positive note, the total housing loans of banks/ FIs as on 30 June 2014 has increased and the amount stood at Taka 454.2 billion which is 9.7% higher than the previous year. While National Housing Finance is operating its business of industrial term loan and SME sectors as well, we have now decided to lay more emphasis on Home Loans as it's core product. National Housing Finance has been able to increase its Home loan portfolio to 23.80%.

Since enlistment in the Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) in January 2009, shares of the Company have been traded with reasonable stability, attesting to its solid and strong fundamentals. Despite volatility of the capital market the closing price of the Company's shares which has a face value of Tk. 10.00, traded on the floors of DSE and CSE at the end of December 2014 at Tk. 28.60 and Tk. 28.00 respectively.

Considering the overall position of the Company, the Board has been pleased to recommend 15% Cash Dividend to the shareholders for the year 2014.

On the occasion of the AGM I am taking the opportunity to inform that following the expiry of the term of Mr. Md. Abdur Rob, ex-Managing Director, the Board of Directors in its 158th meeting held on 14th January 2015 appointed Mr. Md. Khalilur Rahman as Managing Director.

I would like to thank the members of the Board of Directors for their valuable guidance and inputs. I would also like to thank all employees of the Company at all levels for their sincere and dedicated services to the Company. My thanks and appreciation are also due to regulatory bodies including Bangladesh Bank, Ministry of Finance, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange, Chittagong Stock Exchange, National Board of Revenue and the Board of Investments for their unstinting guidance and support.

I would like to conclude by expressing my sincere thanks to our valued clients, shareholders and well-wishers for their continuous support.



**Latifur Rahman**  
Chairman



**Message from the  
Managing Director**



## Message from the Managing Director

Dear Shareholders, Respected Guests, Ladies and Gentlemen,

I welcome the respected shareholders and distinguished guests at the 16th Annual General Meeting of National Housing Finance and Investments Limited. I express my thanks and gratitude to you all for taking the trouble to attend this AGM.

I am taking this opportunity to inform you all that following the completion of the term of Mr. Md. Abdur Rob, ex-Managing Director, and as per approval of the Board of Directors at its 158th meeting held on 14th January 2015 I have joined as Managing Director. In this regard I wish to express my sincere gratitude to the Board of Directors, regulators and the stakeholders. I am confident that with the guidance of the Board of Directors and your blessings I shall give my best effort to take National Housing to greater heights of business achievement.

I am pleased to inform you that despite protracted national political turmoil, various challenges and continuous slowdown in the share market, National Housing recorded a better performance in 2014 based mainly on its core business. The operating income of NHFIL for the year 2014 was BDT 436 million representing an increase of 18.41% from that of the year 2013. The earnings per share (EPS) stood at 1.97 in 2014 as against 1.57 in 2013.

You will be pleased to know that with a view to increasing its business National Housing opened on October 16, 2014 a new branch in Rangpur which is a new City Corporation in Bangladesh. AS you know, National Housing has been operating its business in home loans, Industrial term loans and in the SME sector but we have now decided to place greater emphasis on home loans as its core product. We have continued to build up relationships with various developer companies through signing of Memorandum of Understanding to secure and enhance our core business. Moreover, we are making all out efforts to underscore our branding image by implementing a wider and imaginative marketing plan. Most critically, we ceaselessly taking necessary steps to gear up our recovery efforts to reduce NPL to a minimum level.

In conclusion, I would like to express my deep gratitude to the Chairman and the Directors of the Board, to the Company's shareholders and to all other stakeholders for continuous support through their stream of valuable directives and guidelines to run the affairs of the Company successfully and meet the various challenges that face it.

Thanking you all again and wishing you peace, prosperity and happiness in life.



**Md. Khalilur Rahman**  
Managing Director

## Directors' Report



## ***National Housing Finance And Investments Limited***

On behalf of the Board of Directors of National Housing Finance And Investments Limited it is my privilege to present the Annual Report and Audited Financial Statements of your Company for the year ended December 31, 2014 together with the Auditors' Report thereon.

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

### **Bangladesh Economy**

Despite our internal political turmoil and thanks to the moderate recovery of the global economy, the Bangladesh economy achieved a growth of 6.10% during FY 14 having increased by 0.1% from last year. The nominal GDP of the country was Tk. 13,509.20 billion in FY14 which was about 12.7% higher than the previous year. The per capita GDP is estimated to have been Tk. 49,726 in FY 14. However, the government has again set a target for GDP growth in FY15 at 7.3% with an expectation of accelerated growth in agriculture, industry and service sectors. It also expects that the global economy will improve further and the internal political situation will stabilize but no specific inflation rate has been targeted.

The gross foreign exchange reserve is also remaining at a high level sufficient to meet more than seven months' import obligations. However, the country experienced a negative growth of remittance of 1.6% in FY14 compared to 12.6% positive growth in FY13.

Broad money (M<sub>2</sub>) recorded lower growth of 16.1% in FY 14 against targeted growth of 17% and 16.7% actual growths in FY13. Export earnings increased in FY14 to \$30,176.8 million from \$27,027.4 million and import payment increased marginally to \$36,571.0 million from \$33,576.0 million. Current account balance is also at a satisfactory level.

Outstanding bank credit (excluding foreign bills and inter-bank items) during FY14 increased by 12.61% to Taka 565.49 billion as against an increase of 8.88% in FY13. The gross NPL ratios to total loans were recorded as 10.8% at the end of June 2014.

Bank deposits (excluding inter-bank items) increased by 15.64% to Taka 896.03 billion during FY14 against 16.91% increase in FY13. The rise in total bank deposits was contributed by increase in all deposits, though mainly in time deposits.

Moody's current credit rating for Bangladesh has been 'Ba3' for five consecutive years which generally means a stable economic situation. Such rating provides international investors with a tool to evaluate future relative creditworthiness of any country. In its latest analysis on "Credit implication of current events" the ratings agency said that intensifying political unrest was negative for Bangladesh, as it is weighing on the sovereign's export performance, investment activity and headline growth."

### **Money Market Scenario**

In continuing easy monetary policy, the weighted average lending rate declined to 13.10% in FY14 from 13.67% and weighted average deposit rate came down 7.79% in FY14 from 8.54%. As a result the interest rate spread stood at 5.31% at the end of FY14. In line with Bangladesh Bank policy weighted average interest rate in the call money market ranged from 6.3% to 8.1% during FY14.



## ***National Housing Finance And Investments Limited***

### **Capital Market activities**

The price index and the market capitalization of DSE have been quite stable during FY14 as a result of the effective measures taken from time to time. Under the Exchanges Demutualisation Act 2013, the demutualisations of ownership and management from trading rights have been completed and finally the DSE and the CSE emerged as demutualised exchanges from 21 November 2013. DSE Regulations, 2013 (Settlement Guarantee Fund) was published in the Gazette on 4 December 2013. DSE launched DSEX Shariah Index designed and developed by S&P Dow Jones on 20 January 2014. State of the Art Surveillance Software "Instant-Watch" developed by Swedish company TRAPETS-AB was launched on 11 February 2014. DSE has replaced its existing trading system by new trading software from NASDAQ OMX in order to make it more flexible. Twelve companies raised new equity of Taka 6.6 billion in the capital market in FY14. Of the new equity issued, Taka 2.4 billion rose through private placements and Taka 4.2 billion was raised through public placements.

### **Liquidity**

Currently the scheduled commercial banks have to maintain a 50 basis point higher CRR (Cash Reserve Ratio) at 6.5% with an obligation that this will be on average on bi-weekly basis provided that it would not less than 6% in any day. The current rate of SLR (Statutory Liquidity Reserve) for conventional banks shall not be less than 13.0% of their total demand and time liabilities.

In case of Islamic Shariah-based commercial banks and conventional banks that have Islamic branches, this rate shall not be less than 5.5%.

For FIs the term liabilities are subject to a SLR of 5% inclusive of average 2.5% (at least 2% in each day) CRR on bi-weekly basis. The SLR for the NBFIs operating without taking term deposit is 2.5%.

### **NBFI Sector in Bangladesh**

Presently, out of 31 NBFIs, 3 are Government-owned, 10 are joint ventures and the other 18 are locally private-owned. Meanwhile, the branch network increased to 183 as on 30 June 2014. The NBFIs have aggregate industry assets at Taka 500.6 billion in FY14 from Taka 436.3 billion in 2013.

NBFIs are investing in different sectors of the economy but their investments are mostly concentrated in the industrial sector. In June 2014, NBFIs' investments in different sectors like industry, real estate, margin loans, trade and commerce, merchant banking, agriculture and others. NBFIs are allowed to invest in the capital market up to 25% of their capital. Total deposits of the NBFI increased to Taka 233.2 billion in June 14 from Taka 193.3 billion in June 13.

### **Industry Outlook**

#### **Housing Finance**

The situation in real estate sector has improved slightly from the previous year but developers are still finding it challenging to boost their sales volume. They are offering discounts to potential buyers to strike deals, but the price level has not changed much to improve the affordability to general customers. Developers are still going slowly in signing new projects because of the apprehension of further price correction in the market. Moreover, some features of the budget like increase of property registration cost (which is already at very high level compared to our neighboring countries), payment of rental by bank cheque if rent is above Tk. 25,000 and increase of wealth tax may affect the struggling real estate sector adversely.

However on a positive note, the total housing loans of banks and FIs as on 30 June 2014 has increased and the amount stood at Taka 454.2 billion which is 9.7% higher than the previous year. In recent years, significant changes have been taken place in total housing loan portfolios. Private sector banks have been expanding their housing loan portfolios

## ***National Housing Finance And Investments Limited***

and now have dominant market position with the largest share as of June 2014. The state owned commercial banks have the second largest share. Besides, private sector specialized housing finance companies also provide a significant amount of housing loan.

There may not be any immediate turn around for the sector. In fact, the slow sales of the real estate sector that has been continuing for the last couple of years may get aggravated due to political unrest. To recover from the present situation, relators sought immediate formation of a Tk. 50 billion fund to extend long term credit to the low and middle income level customers at a single digit interest rate for purchasing smaller flats.

### **Operational Overview of National Housing**

Despite depressed market conditions and subdued activity in the housing and construction sectors, NHFIL has been able to expand its business activities during 2014 which can be seen from the data furnished below:

*(Amount in BDT Million)*

Particulars	2014		2013	
	Disbursement	Outstanding Portfolio	Disbursement	Outstanding Portfolio
Home mortgage loan	1,125.74	3,614.46	836.35	2,919.67
Lease & Term finance including SME and other	555.17	1,863.55	555.87	1,879.68
Total:	1,680.89	5,478.01	1,392.22	4,799.35

The total portfolio of the Company increased to Tk. 5,478.01 million from Tk. 4,799.35 million during 2014, registering a growth rate of 14.14%.

The demand of housing in urban areas in a developing country like Bangladesh is dramatically increasing due to natural increase and its fast growth rate. Rural people are migrating not only to find jobs but many wealthy people are moving to urban areas for fulfillment of their expectations of betterment of their future generation and for enjoying the modern facilities of city life. To fulfill the demand and to increase its business National Housing Finance opened a new branch in Rangpur on 16 October 2014 which is a new City corporation in Bangladesh.

### **Financial Performance during the Year 2014**

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

*(Amount in BDT Million)*

Particulars	2014					2013
	Q1	Q2	Q3	Q4	Yearly	
Net interest income	89.39	100.39	98.37	124.07	412.22	352.61
Total operating income	93.73	106.33	104.72	131.22	436.00	368.22
Total operating expenses	18.69	21.76	21.79	25.15	87.39	74.56
Profit before provisions	75.04	84.57	82.93	106.07	348.61	293.66
Provision for loans/ Investments	(1.17)	12.28	(0.32)	0.43	11.22	59.73
Profit before taxes	76.21	72.29	83.25	105.64	337.39	233.93
Provision for taxes	14.53	34.25	33.45	45.57	127.80	66.45
Net profit after taxation	61.68	38.04	49.80	60.07	209.59	167.48

### **Credit Rating**

On 14 August 2014 CRAB has assigned 'A2' rating in the Long Term and 'ST-3' in the Short Term to the Company based on financials up to 31 December 2013. Bank/Fis rated as 'A2' (Strong Capacity & High Quality) have strong capacity to meet financial commitments, maintains high quality, with low credit risk, but are susceptible to adverse changes in circumstances and economic conditions. In Short Term Rating Scales and Definitions ST-3 (Average Grade) means average capacity for timely repayment of obligations.



## ***National Housing Finance And Investments Limited***

### **Dividend**

NHFIL has earned a net profit after tax of TK. 209.59 million as against TK. 167.48 million in the previous year. In terms of Bangladesh Bank guidelines we have increased our paid up capital to BDT 106.39 crore. The Board of Directors recommend at 15% Cash Dividend i.e. Tk. 1.50 for every share for the year ended 31 December 2014 subject to approval at from the 16th Annual General Meeting.

### **Directors**

In terms of the Shareholders' Agreement, the following Directors are to retire in the 16th Annual General meeting.

SL#	Directors to Retire	Organization Represented
01	Mr. Jalal Ahmed	IFIC Bank Limited
02	Mr. Morshed Alam	National Life Insurance Co. Limited
03	Mr. Muminul Haque Chowdhury	Borak Travels (Pvt.) Limited
04	Mr. Syed Ali Jowher Rizvi	Investors Forum (Zambia)

The following shareholders being eligible for election/ re-election expressed their interest to be elected as Directors in the 16th AGM:

SL#	Directors to be Elected/re-elected	Organization Represented
01	Mr. Jalal Ahmed	IFIC Bank Limited
02	Mr. Md. Manirul Islam	Pragati Insurance Limited
03	Mr. Muminul Haque Chowdhury	Borak Travels (Pvt.) Limited
04	Mr. Syed Ali Jowher Rizvi	Investors Forum (Zambia)

### **Auditors**

The Company's Auditors, M/s Howladar, Yunus & Co., Chartered Accountants shall retire at the 16th AGM. Being eligible for re-appointment for the year 2015 they have expressed their interest to be re-appointed. Upon appraisal by the Audit Committee, the Board recommend the re-appointment of M/s Howladar, Yunus & Co., Chartered Accountants, for the year 2015 at a remuneration of Tk. 150,000.00.

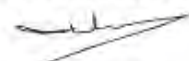
### **Managing Director**

Mr. Md. Abdur Rob, Managing Director retired from service on 31 July 2014. Subsequently, as per decision of the Board in its 153rd meeting held on 21 July 2014, Mr. Md. Khalilur Rahman, Additional Managing Director assumed the responsibility of Managing Director (Current Charge) w.e.f. 1 August 2014. The Board of Directors in its 158th meeting held on 14 January 2015 appointed Mr. Md. Khalilur Rahman as Managing Director of the Company. Bangladesh Bank vide their letter no DFIM(C)1054/55/2015-253 dated 4 February 2015 approved the appointment. Accordingly, Mr. Rahman joined as Managing Director on 04 February 2015.

### **Appreciation**

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

For and on behalf of the Board.



**Latifur Rahman**

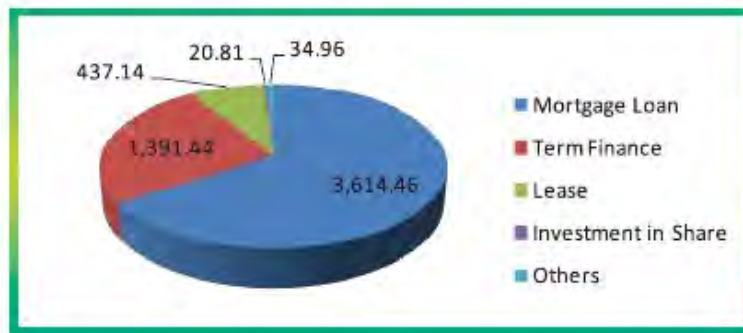
Chairman

Dhaka, Dated 02 April 2015



### Portfolio Mix

Mortgage Loan	3,614.46
Term Finance	1,391.44
Lease	437.14
Investment in Share	20.81
Others	34.96
	<b>5,498.82</b>



### Net Asset Value Per Share



***National Housing Finance  
And Investments Limited***

## **Audit Committee Report**

For the year ended 31st December, 2014

The Audit Committee consists of the following members:

Professor Imran Rahman, Independent Director	- Chairman
Mr. Md. Kabir Reza, Director	Member
Mr. Akhtar Ahmed, Director	- Member
Mr. Azmal Hossain, Director	- Member
Syed Tanveer Hussain, Independent Director	- Member

Mr. Md. Khalilur Rahman, Managing Director or Mr. Md. Abdur Rob, ex-Managing Director was in attendance.

Mr. Md. Sarwar Kamal ACS, Company Secretary, acts as the Secretary of the Committee.

### **Functions and Activities:**

The Committee

- ▶ met 4 (four) times in the year 2014 on 17.04.2014, 11.05.2014, 21.07.2014 and 27.10.2014;
- ▶ reviewed the internal control system and financial statements and the external audit report;
- ▶ conducted a formal evaluation of the effectiveness of the external audit process;
- ▶ considered the tenure, quality and fees of the auditors and recommended to the Board for appointment of M/s Howladar Yunus & Co, Chartered Accountants, at the 16th AGM on 12th May 2015;
- ▶ reviewed internal control and risk management systems;
- ▶ considered the effectiveness of the Company's internal controls over financial reporting;
- ▶ reviewed impairment methodologies;
- ▶ reviewed reports from the Chief Financial Officer on the quarterly and annual financial statements, including other financial statements and disclosures prior to their publication;
- ▶ reviewed the Annual Report, these reviews incorporated the accounting policies and key judgments and estimates underpinning the financial statements as disclosed in Notes to the Account.
- ▶ received reports from the internal auditors;
- ▶ monitored the performance of the Internal Audit function;
- ▶ reviewed the Internal Audit Plan;
- ▶ reviewed appropriate systems and controls are in place for effectiveness of internal audit function;
- ▶ monitored independence of audit work.
- ▶ reviewed the effectiveness and independence of the statutory auditors;

- ① recommended appointment, remuneration of the statutory auditor;
- ② reviewed the annual audit activities and audit report.
- ③ reviewed issues concerning inspection report of Bangladesh Bank;
- ④ reviewed compliance with existing laws & regulations;
- ⑤ reviewed its Terms of Reference to satisfy itself that they enable the Committee to fulfill its responsibilities.
- ⑥ reviewed Credit Risk Management Manual;
- ⑦ reviewed Anti Money Laundering and Combating Terrorist Financing Policy;
- ⑧ reviewed IT policy;
- ⑨ monitored prevailing of appropriate administration culture as prevailing;
- ⑩ monitored the steps taken against findings of inspection team of regulatory authority.

**Reporting by the Audit Committee:**

- ① The Committee reports directly to the Board of Directors on its activities.
- ② The Committee did not find any material deviation, discrepancies or any adverse observations in the areas of reporting.

  
**Professor Imran Rahman**

Chairman

Audit Committee



## Treasury Operation

Ensuring profitability through planned liquidity

### Overview

Treasury function at NHFIL has expanded over the last few years, and is increasingly playing a central role in decision making relating to the overall balance sheet movements. It has been transformed from a traditionally focused, back-office function to a more strategic and profit generating unit.

At NHFIL, Treasury department plays a pivotal role in many activities which are beyond day-to-day fund management. It is responsible for developing and maintaining relationships with both the internal and external stakeholders. The department plays a pivotal role in the following areas:

- Sourcing funds of different maturities from different sources
- Conducting the ALCO meeting on a monthly basis and highlight the major changes in liquidity and interest rate risk
- Capital planning for the institution.
- Short-term and long-term liquidity planning

### Liquidity Management

The objective of effective liquidity management is to ensure that we can meet regular customer loan requests, customer deposit maturities/ early encashment and other commitments efficiently under both normal operating conditions and stressed situations. To achieve this objective, we have undertaken an extensive review of liquidity risk management through structural liquidity analysis to measure and manage liquidity risk within a broader time span. It is calculated showing maturing liabilities as cash outflows and maturing assets as cash inflows under corresponding time buckets to find the gap under various time buckets. We continuously analyse and monitor our liquidity risk, maintain required liquidity and access diverse funding sources including our stable deposit base. Beside day-to-day fund management, NHFIL's liquidity position is reviewed regularly to keep our focus on ensuring adherence to prudential limits set by the Bangladesh Bank or Board.

### Cost of Funds (CoF) Management

We managed to reduce our overall cost of funds substantially and gained a lift in margin (LIM), which has directly improved our profitability in 2014.

As part of our liquidity planning, reducing the cost of funds to a desired level was one of the top priorities in 2014. At the beginning of the year, it was imperative that the money markets be excessively liquid due to sluggishness in the private sector credit growth at the backdrop of political uncertainties. Considering the overall operating environment, the ALCO adopted proactive policy measures to bring down the cost of deposit to an optimum level and cut interest rates on customer deposit several times in 2014. Customer deposits being the major source of funding, reduction in interest rates on deposits had a significant impact on the overall cost of funds.

### Asset Liability Management (ALM) at NHFIL

NHFIL has an approved policy guideline on Asset Liability Management (ALM) to best address the key balance sheet issues and risk. The Asset Liability Management Committee (ALCO), comprising of senior management of NHFIL, has the main responsibility of ensuring an effective ALM system to manage balance sheet risks.

**The ALCO assumes the responsibility of**

- ▶ Reviewing and formulating pricing strategies for both the deposit products and asset products.
- ▶ Ensuring systematic management process for tracking the balance sheet risks in a timely manner.
- ▶ Reviewing and managing potential liquidity risks and interest rate risks proactively which may arise from market movements, regulatory changes and/or changes in economic/ political environment.
- ▶ Ensuring compliance with the regulations of the Bangladesh Bank with respect to the statutory obligations involved within the parameters of balance sheet risks.

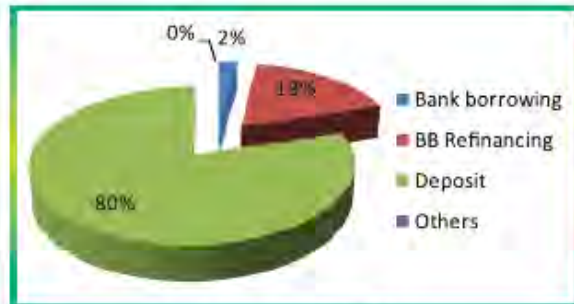
**Our Treasury vision**

Macro-economic factors such as changing regulations, business dynamics and cost pressures have led to the emergence of key themes and trends in the near future for the treasury function:

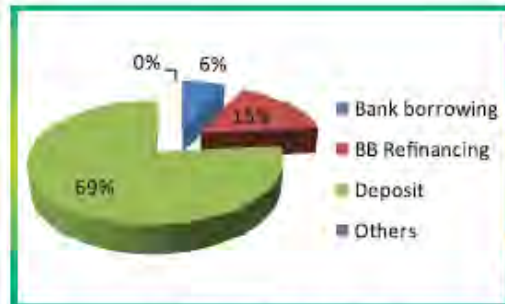
- ▶ **Funding:** Formulating a long-term funding plan with improved models.
- ▶ **Liquidity management:** Developing 'best-in-class' liquidity capabilities such as high-quality stress testing and contingency plans.
- ▶ **Capital management:** Creating an optimal capital structure that maximises equity returns while meeting the requirements of regulators and markets.
- ▶ **Asset Liability Management (ALM):** Establishing a robust ALM procedure which will enable an effective monitoring of key ALM ratios in a prudent way.

## Managing our cost of funds (CoF)

For the year ended December 31, 2014



As of December 31, 2014



As of December 31, 2013



## Report on Corporate Governance

**[Report on Corporate Governance (C G) as per the guidelines of the BSEC's notification dated 07 August 2012 and a part of the Director Report]**

C G is the set of processes, customs, policies, laws, and institutions affecting the way an organization (or company) is directed and administered. C G also includes relationships among the stakeholders involved and achievement of the goals for which the organization is formed. The principal stakeholders of a FI are depositors, shareholders, the board, management, employees and borrowers. Other stakeholders include suppliers, regulators, other banks, and the community at large.

C G is the acceptance by management of the inalienable rights of shareholders as the true owners of the company and of their own role as trustees on behalf of the shareholders. It is about commitment to values, about ethical business conduct and about making a distinction between personal & corporate funds in the management of a company. Fairness, transparency, accountability and responsibility are the minimum standards of acceptable corporate behavior.

C G is also to ensure the accountability of certain individuals in an organization through mechanisms that try to reduce or eliminate the principal-agent conflict. A related discussion of C G focuses the system of economic efficiency with a strong emphasis on enhancement of shareholders' value and welfare.

Since inception, NHFIL's C G policies have recognized the importance of the transparency to all its constituents; including employees, customers, investors, and the regulatory authorities thus demonstrating that the shareholders are the ultimate beneficiaries of the Company's economic activities.

In addition to the primary role of monitoring corporate performance, the function of the Board includes approving a business plan, reviewing and approving annual budgets and borrowing limits, fixing exposure limits and ensuring that our shareholders are kept informed about our plans, strategies and performance. To enable the Board of Directors to discharge these responsibilities effectively, the management provides detailed reports on performance to it on quarterly basis. The Board of Directors also functions through various committees such as the Audit Committee and the Executive Committee.

We are performing ethically and efficiently to generate long-term value and wealth for all its stakeholders. The C G principles of the Company ensures that the Board remains informed, independent and involved in the Company and there are ongoing efforts towards better C G to mitigate "non business" risks. The Board periodically reviews the compliance of all applicable laws and gives appropriate directions, wherever necessary.

### **Risk and Concern**

Investment always associates with some internal/external risk factors and among factors, some can be averted, others are beyond control. The risk of NHFIL is defined as the possibility of losses, financial or otherwise. The risk management of the Company covers its core risk areas viz, interest rate risk, credit risk, liquidity risk, industry risk, market and technology related risk, exchange rate risk, operational risk, capital adequacy risk, risk from the competitors, change in regulatory policies, change in government policies, change in economic and political conditions, assets quality risk, history of non-operation, if any etc. The prime objective of the risk management is that, the company evaluates and takes well calculated business risks and thereby safeguarding its capitals, its financial resources and profitability from various business risks through its own measures and through combining implementation Bangladesh Bank's guidelines and with the best practices.



**Internal Control and Compliance**

NHFIL made relevant mandatory disclosure in its financial statements under the regulatory framework, including compliance with the provisions of International Accounting Standards (IAS), Bangladesh Accounting Standards (BAS), International Financial Reporting Standard (IFRS) and Bangladesh Financial Reporting Standard (BFRS). The annual financial statements are audited by reputed chartered accountants firms and issues unqualified audit reports. There is an independent Internal Control and Compliance Department, which looks after compliance with the organizational policies by different departments.

**Delegation of Authority**

There is clearly spelled out delegation of authority in sanctioning loan as well as operational and capital expenditure with specific task authority relationship.

**Board of Directors & Role of the Board**

The Board of Directors is in full control of the Company's affairs and is also accountable to the shareholders. The Board is committed to achieve greater financial performances and long term prosperity, while meeting stakeholders' expectations of sound C G practices.

The Board duly complies with the guidelines issued by Bangladesh Bank regarding the responsibility and accountability of the Board, its Chairman and Chief Executive/Managing Director, vide DFIM Circular No. 7 dated September 25, 2007.

The Board's main roles are to define the Company's strategic objectives, to provide entrepreneurial leadership for the Company, to create value for shareholders and to ensure that the necessary financial and other resources are available to enable the Company and the Board to meet these objectives. The specific responsibilities reserved to the Board include the approval of all information supplied to shareholders in the annual and interim accounts; the setting of Company strategy; approving annual budgets; reviewing operational and financial performance; approving capital expenditure; setting of borrowing limits; treasury policy; reviewing the Company's systems of financial control and risk management; ensuring that appropriate management development and succession plans are in place; approving appointments to the Board and ensuring that a satisfactory dialogue takes place with shareholders over the Company's results and its aspirations for the future. The CG principles of the Company ensure that the Board remains informed, independent and involved in the affairs of the Company and ensures that there are ongoing efforts towards better CG to mitigate "non business" risks. Directors of NHFIL possess the highest personal and professional ethics, integrity, and values and are committed to representing the long-term interests of the stakeholders.

The basic responsibility of the Board is to provide effective governance over the Company's affairs exercising its reasonable business judgments on behalf of the Company. The Company's business is conducted by its employees under the direction of the Managing Director and the overall supervision and guidelines of the Board. The management ensures that all provisions of law are complied with. The management develops Company's strategy, coordinates it with the Board, and ensures its implementation. It ensures appropriate risk management and risk controlling measures in relevant officers of the Company. The Board members have collective experience in diverse fields like finance, banking, insurance, economics, corporate laws and administration.

Short Bio-data of all the Directors are given on pages 14 to 21 of this Annual Report.

**Changes in the Board**

National Bank Ltd. a sponsor shareholder of the Company had changed its representative, Mr. AKM Shafiqur Rahman, and in his place nominated Mr. Shamsul Huda Khan, who was subsequently appointed as Director by the Board in its 155th meeting held on 27 October, 2014.

## ***National Housing Finance And Investments Limited***

The tenure of Professor Imran Rahman, Independent Director expired on 24.07.2014. The Board of Directors in its 154th Meeting held on 14 September, 2014 re-appointed Professor Imran Rahman as Independent Director of the Company w.e.f. 25 July 2014 for a further period of 3 (three) years subject to confirmation at the 16th AGM.

Mr. Md. Abdur Rob, Managing Director and ex-officio member retired from service on 31 July 2014. Accordingly, as per decision of the Board in its 153rd meeting held on 21 July 2014, Mr. Md. Khalilur Rahman, Additional Managing Director assumed the responsibility of Managing Director (Current Charge) w.e.f. 1 August 2014. The Board of Directors in its 158th meeting held on 14 January 2015 appointed Mr. Md. Khalilur Rahman as Managing Director of the company.

The Board of NHFIL comprises eleven non-executive Directors of whom 10 (Ten) are nominated Directors and one is an individual, three Independent Directors and the Managing Director who is ex-officio Director. They encompass a range of talents, skills and expertise to provide prudent guidance with respect to the operations of the Company.

There are two committees constituted by the Board members to assist the Board in discharging its responsibilities, namely, the Audit Committee and the Executive Committee. The Board fixes the terms of reference for each Committee and also delegates power from time to time. Various recommendations of the Committees are submitted to the Board for approval.

### **Board Meetings**

The Board of Directors meet at regular intervals with a formal schedule of matters specifically reserved for its attention to ensure that it exercises full control over significant strategic, financial, operational and compliance matters. The Board is regularly briefed and updated on the key activities of the business and is provided with briefings and presentations on other matters concerning the Company on a need basis. Besides, information about statutory compliance, minutes of the sub-committees of the Board and information as required under listing guidelines are also provided to the Directors on a regular basis. The dates of the Board meetings are fixed in advance and notices are served adequately ahead of the meetings to facilitate proper attention and maximum attendance of the Directors. During the year 2014, 11 (eleven) meetings of the Board of Directors were held. A detail of the Board Meetings is given on page 50 of this Annual Report.

### **Role of the Chairman**

The Chairman serves as the primary link between the Board and Management, and works with the Managing Director and Company Secretary to set the agenda of the Board Meetings. He provides leadership to the Board and ensures that the Board works effectively and discharges its responsibilities efficiently.

### **Role of the Managing Director**

The Managing Director is the key person and is responsible for running the business of the Company. He is also responsible for formulating as well as implementing Board strategy and policy. The Managing Director is responsible for establishing and executing the Company's operating plan that is necessary to achieve its objectives. He has overall control on the Company's day-to-day affairs and is accountable to the Board for the financial and operational performance of the Company.

### **Role of the Company Secretary**

Company Secretary is responsible for advising the Board through the Chairman on all governance matters. He is also responsible for ensuring proper information flow with the Board and its Committees and between the management and the non-executive directors. He also serves as a bridge between the regulators/stakeholders and the Company.



**Role of the Head of Internal Control and Compliance**

The head of Internal Control and Compliance is responsible for reporting to the Board Audit Committee regarding deviations from accounting and internal control system. He also leads the internal audit team of the Company.

**Chairman and Managing Director of the Company are different person**

Chairman of the Board and the Managing Director of the Company are different persons with different roles and responsibilities as defined by the Board thus preventing unregulated powers of decision making in a single hand. The Chairman is a non-executive Director while the Managing Director is an Executive Director.

**Remuneration paid to Directors including Independent Directors**

The Board members get only fees for attending Board/Committee meetings and they are not allowed other remuneration or incentive. According, to the ceiling fixed by the Bangladesh Bank the Directors get an amount of Tk. 5,000 per meeting. Total remuneration including VAT for Board of Director Meetings, Audit Committee Meetings and Executive Committee Meetings paid to Directors during 2014 is shown on page 52 of this Annual Report.

**Board Committees**

There are two committees constituted by the Board members to assist the Board in discharging its responsibilities, namely, the Audit Committee and the Executive Committee. The Board fixes the terms of reference for each Committee and also delegates power from time to time. Various recommendations of the Committees are submitted to the Board for approval.

**Audit Committee**

The primary role of the Audit Committee is to oversee the financial reporting process and disclosure of financial information, review the financial statements before submission to the Board, review adequacy of internal control systems as well as findings of internal investigations besides recommending appointment/ removal of statutory auditors and fixing their remuneration. The Committee holds discussions with the statutory auditors to review the annual financial statements before submission to the Board with special emphasis on accounting policies, compliance of Accounting Standards and other legal requirements relating to financial statements. The Committee reviews all issues which are required to be reviewed by the Audit Committee pursuant to guidelines issued by the BSEC as well as those recommended by the Board, if any.

The Audit Committee was reconstituted on 28 May 2014 and the members are:

- Professor Imran Rahman, Independent Director as the Chairman.
- Mr. Md. Kabir Reza, FCMA representing Square Pharmaceuticals Ltd. as member.
- Mr. Akhtar Ahmed representing Reliance Insurance Ltd. as member.
- Mr. Azmal Hossain representing Eastern Insurance Co. Ltd. as member.
- Syed Tanveer Hussain, Independent Director as member.

Mr. Md. Abdur Rob, ex-Managing Director acts as its ex-officio member up to 31 July 2014. Mr. Md. Khalilur Rahman, Managing Director has acted as its ex-officio member w.e.f 1 August 2014. Mr. Md. Sarwar Kamal, ACS, Company Secretary, acts as Secretary of the Committee. During the year 2014, 4 (four) meetings of the Audit Committee of the Board of Directors were held.

**Executive Committee**

The Executive Committee is authorized to review and approve the proposals of loans and advances within prescribed limits set by the Board. The EC reviews all other proposals relating to loans and advances above the limits as well as other matters for Board approval.



## ***National Housing Finance And Investments Limited***

The EC was reconstituted on 28 May 2014 and the members are:

- Mr. Syed Ali Jowher Rizvi as the Chairman.
- Mr. Mizanur Rahman representing Shaw Wallace Bangladesh Ltd. as member.
- Mr. Muminul Haque Chowdhury representing Borak Travels (Pvt.) Ltd. as member.
- Mr. Md. Kabir Reza, FCMA representing Square Pharmaceuticals Ltd. as member.
- Syed Tanveer Hussain, Independent Director as member.

Mr. Md. Abdur Rob, ex-Managing Director acted as its ex-officio member up to 31 July 2014. Mr. Md. Khalilur Rahman, Managing Director has acted as its ex-officio member w.e.f 1 August 2014. Mr. Md. Sarwar Kamal, ACS, Company Secretary, acts as Secretary of the Committee. During the year 2014, 15 (fifteen) meetings of the Executive Committee were held.

### **Related Party Transactions**

Transactions with related parties are made on arm's length basis and are in the ordinary course of business. Detail transaction with related parties are described at note 54 of the financial statements on the page 97 of this Annual Report.

### **Statement of Managing Director/CEO and CFO regarding Financial Statements**

A separate statement as to the fairness and presentation of the Financial Statements of the Company is given on page 59 of this report.

### **Key operating and financial data of at least last preceding 5 (five) years**

Key operating and financial data of last preceding 5 (five) years are shown under the heading of Key operating and Financial Highlights on the page 26 of this Annual Report.

### **Corporate and Financial Reporting Framework**

The Members of the Board, in accordance with the Bangladesh Securities and Exchange Commission's Notification no. SEC/CMRRCD/2006-158/Admin/129/43 dated 07 August 2012; confirm compliance with the financial reporting framework for the following:

- The financial statements prepared by the Management of NHFIL present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the issuer company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards (IAS)/ Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standards (IFRS)/ Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the issuer company's ability to continue as a going concern.

### **Going Concern**

The financial statements of the Company have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Board of Directors of NHFIL has made annual assessment as to whether there exists any material uncertainty which may cast significant doubt upon the Company's ability to continue as a going concern, including review of budget and future outcome of inherent uncertainties in existence. Based on the different indications, Directors feel it appropriate to adopt going concern assumptions and no material uncertainty exists in preparing the financial statements.

**Shareholding Pattern**

Shareholding pattern of the Company as the end of the year 2014 is shown on page 53 of this report.

**Annual General Meeting (AGM)**

NHFIL holds an Annual General Meeting (AGM) in due time and the Company ensures effective interaction with the shareholders at the AGM. The Directors pay special attention to answering the various queries raised by the shareholders at the AGM.

The Company's operational outcome/results and official news release are displayed on the Company's website and on the websites of the Dhaka and Chittagong Stock Exchanges. The Company also publishes the news required to be published in the daily newspapers.

**Resolutions passed at the previous AGM, i.e., 15th AGM held on 28th May 2014**

Details of the previous AGM are as follows:

Particulars	Date and Time	Venue
15th AGM	Wednesday the 28 <sup>th</sup> May 2014, at 11.00 a.m.	Lakeshore Hotel, Road: 41, House: 46, Gulshan 2, Dhaka.

Approval given by the shareholders;

- Financial Statements for the year ended December 31, 2013
- Dividend (Cash @ 12.50%)
- Election/Re-election of Directors who were eligible for elected/re-elected and expressed their interest to be elected as Director in the 15th AGM: Mr. AKM Shafiqur Rahman representing National Bank Ltd., Mr. Azmal Hossain representing Eastern Insurance Co. Ltd., Mr. Mizanur Rahman representing Shaw Wallace Bangladesh Ltd., and Mr. Syed Ali Jowher Rizvi.
- Appointment of Auditors; M/s Howladar, Yunus & Co., Chartered Accountants as external auditor of the Company.

**General Shareholders' Information for 16th AGM:**

- Date :** 12th day of May 2015; Time 11.00 am
- Venue:** Lakeshore Hotel, Road : 41, House: 46, Gulshan 2, Dhaka- 1212.
- Financial Reporting Calendar :** 1 January 2014 to 31 December 2014
- Dates of Book Closure/Record date :** 15th day of April 2015

**Agenda to be discussed:**

- To receive, consider and adopt the audited financial statements of the Company for the year ended 31 December, 2014 together with reports of the Auditors.
- Declaration of dividend for the year ended 31 December, 2014
- To elect Directors in accordance with the relevant provisions of the Articles of Association of the Company.
- To appoint Auditors and fix their remuneration for the year 2015.
- To approve appointment of Independent Director.

- Dividend Payment Date:** The dividend if declared by the shareholders at the AGM shall be paid on or before 12 June 2015, i.e. within 30 days from the date of declaration.

**Listing on Stock Exchanges:**

The Securities of the company is listed with Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd.



***National Housing Finance  
And Investments Limited***

**Board Meeting and attendance of Directors**

During the year 2014, 11 meeting of the Board were held. Attendance of the Director is stated below:

Name of the Directors	Nominated by	Designation	Number of Meetings		Change During 2014
			Held	Attended	
Mr. Latifur Rahman	Bangladesh Lamps Limited	Chairman	11	9	-
Mr. Neaz Ahmed	National Bank Limited	Director	2	-	Resigned on 19.03.2014
Mr. Jalal Ahmed	IFIC Bank Limited	Director	11	4	-
Mr. Akhtar Ahmed	Reliance Insurance Limited	Director	11	6	-
Mr. Morshed Alam	National Life Insurance Co. Limited	Director	11	1	-
Mr. Muminul Haque Chowdhury	Borak Travels (Pvt.) Limited	Director	11	8	-
Mr. Azmal Hossain	Eastern Insurance Co. Limited	Director	11	10	-
Mr. M. Azmol Hoque	Eastland Insurance Co. Limited	Director	1	-	Resigned on 10.02.2014
Mr. Mizanur Rahman	Shaw Wallace Bangladesh Limited	Director	11	7	-
Mr. Md. Kabir Reza	Square Pharmaceuticals Limited	Director	11	8	-
Mr. Syed Ali Jower Rizvi	-	Director	11	10	-
Professor Imran Rahman	-	Independent Director	11	9	-
Syed Tanveer Hussain	-	Independent Director	11	11	-
Mr. Imtiaz Mahmood	-	Independent Director	11	5	-
Mr. Mahbubur Rahman	Eastland Insurance Co. Limited	Director	10	10	Appointed on 10.02.2014
Mr. AKM Shafiqur Rahman	National Bank Limited	Director	6	3	Appointed on 19.03.2014 & Resigned on 14.09.2014
Mr. Shamsul Huda Khan	National Bank Limited	Director	3	2	Appointed on 14.09.2014



***National Housing Finance  
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**Executive Committee Meeting and attendance of Directors**

During the year 2014, 15 meeting of the Executive Committee of the Board were held. Attendance of the Director is stated below:

Name of the Directors	Nominated by	Designation	Number of Meetings		Change During 2014
			Held	Attended	
Mr. Syed Ali Jowher Rizvi	-	Chairman	15	14	-
Mr. Mizanur Rahman	Shaw Wallace Bangladesh Limited	Member	15	9	-
Mr. Neaz Ahmed	National Bank Limited	Member	2	-	Resigned on 05.02.2014
Mr. Muminul Haque Chowdhury	Borak Travels (Pvt.) Limited	Member	15	10	-
Mr. Md. Kabir Reza, FCMA	Square Pharmaceuticals Limited	Member	15	14	-
Syed Tanveer Hussain Independent Director	-	Member	13	13	Appointed on 05.02.2014

**Audit Committee Meeting and attendance of Directors**

During the year 2014, 4 meeting of the Audit Committee of the Board were held. Attendance of the Director is stated below:

Name of the Directors	Nominated by	Designation	Number of Meetings		Change During 2014
			Held	Attended	
Professor Imran Rahman Independent Director		Chairman	4	4	No Change
Mr. Md. Kabir Reza, FCMA	Square Pharmaceuticals Limited	Member	4	2	
Mr. Akhtar Ahmed	Reliance Insurance Limited	Member	4	2	
Mr. Azmal Hossain	Eastern Insurance Co. Limited	Member	4	3	
Syed Tanveer Hussain Independent Director		Member	4	4	

***National Housing Finance  
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Remuneration paid to Directors including Independent Directors (including VAT) during the year 2014

*Amount in Taka*

Name of the Directors	Nominated by	Designation	Board Meeting	Executive Committee	Audit Committee	Total
Mr. Latifur Rahman	Bangladesh Lamps Ltd.	Chairman	45,000	-	-	45,000
Mr. Neaz Ahmed	National Bank Ltd.	Director	-	-	-	-
Mr. Jalal Ahmed	IFIC Bank Ltd.	Director	20,000	-	-	20,000
Mr. Akhtar Ahmed	Reliance Insurance Ltd.	Director	30,000	-	10,000	40,000
Mr. Morshed Alam	National Life Insurance Co. Ltd.	Director	5,000	-	-	5,000
Mr. Muminul Haque Chowdhury	Borak Travels (Pvt.) Ltd.	Director	40,000	50,000	-	90,000
Mr. Azmal Hossain	Eastern Insurance Co. Ltd.	Director	50,000	-	15,000	65,000
Mr. M. Azmol Hoque	Eastland Insurance Co. Ltd.	Director	-	-	-	-
Mr. Mizanur Rahman	Shaw Wallace Bangladesh Ltd.	Director	35,000	45,000	-	80,000
Mr. Md. Kabir Reza	Square Pharmaceuticals Ltd.	Director	40,000	70,000	10,000	120,000
Mr. Syed Ali Jower Rizvi	-	Director	50,000	70,000	-	120,000
Professor Imran Rahman	-	Independent Director	45,000	-	20,000	65,000
Syed Tanveer Hussain	-	Independent Director	55,000	65,000	20,000	140,000
Mr. Imtiaz Mahmood	-	Independent Director	25,000	-	-	25,000
Mr. Mahbubur Rahman	Eastland Insurance Co. Ltd.	Director	50,000	-	-	50,000
Mr. AKM Shafiqur Rahman	National Bank Ltd.	Director	15,000	-	-	15,000
Mr. Shamsul Huda Khan	National Bank Ltd.	Director	10,000	-	-	10,000

*National Housing Finance  
And Investments Limited*

**Pattern of Shareholding**

Shareholding Pattern of the Company as on 31 December 2014 on the basis of shareholders types:

Group Name	No. of Shareholder(s)	No. of Share(s)	Percentage (%)
Company	82	4,897,568	4.60
General Public	5,723	7,053,815	6.63
Investor Account (Omnibus)	40	414,337	0.39
Mutual Fund	12	495,251	0.47
NRB (Non Residential)	11	31,342	0.03
Sponsor Share	36	92,614,399	87.05
Unite Fund	2	885,288	0.83
<b>Total :</b>	<b>5,906</b>	<b>106,392,000</b>	<b>100.00</b>

Distribution schedule of each class of equity security setting out of the number of holders and percentage:

Shareholding Range	Number of Shareholder(s)	No. of Shares	Percentage (%)
1 - 500	3,918	304,514	0.29
501 - 5000	1,594	2,740,301	2.58
5001 - 10000	189	1,411,497	1.33
10001 - 20000	97	1,446,617	1.36
20001 - 30000	20	511,066	0.48
30001 - 40000	15	519,265	0.49
40001 - 50000	8	374,161	0.35
50001 - 100000	17	1,235,137	1.16
100001 - 1000000	30	10,116,982	9.51
1000001 to above	18	87,732,460	82.46
<b>Total :</b>	<b>5,906</b>	<b>106,392,000</b>	<b>100.00</b>



***National Housing Finance  
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Shareholding status of Parent/Subsidiary/Associated Companies and other related parties, Directors\* and CEO & their spouses & minor children

Name of Director/ Shareholder	Nominated by	Designation	No. of Share(s) held	Percent (%)
Parent/Subsidiary/Associated Companies and other related parties			Nil	Nil
Mr. Latifur Rahman	Bangladesh Lamps Limited	Chairman	5,123,276	4.82
Mr. Jalal Ahmed	IFIC Bank Limited	Director	4,808,100	4.52
Mr. Akhtar Ahmed	Reliance Insurance Limited	Director	5,123,295	4.82
Mr. Morshed Alam	National Life Insurance Co. Limited	Director	5,123,295	4.82
Mr. Muminul Haque Chowdhury	Borak Travels (Pvt.) Limited	Director	5,123,276	4.82
Mr. Azmal Hossain	Eastern Insurance Co. Limited	Director	5,123,295	4.82
Mr. Shamsul Huda Khan	National Bank Limited	Director	5,123,295	4.82
Mr. Mahbubur Rahman	Eastland Insurance Co. Limited	Director	5,123,295	4.82
Mr. Mizanur Rahman	Shaw Wallace Bangladesh Limited	Director	4,808,100	4.52
Mr. Md. Kabir Reza	Square Pharmaceuticals Limited	Director	5,023,450	4.72
Mr. Syed Ali Jowher Rizvi		Director	2,884,860	2.71
Professor Imran Rahman		Independent Director	Nil	Nil
Syed Tanveer Hussain		Independent Director	Nil	Nil
Mr. Imtiaz Mahmood		Independent Director	Nil	Nil
Mr. Md. Khalilur Rahman		Managing Director	Nil	Nil
Shareholders holding ten percent (10%) or more voting interest in the company			Nil	Nil

\* All the Directors except Mr. Syed Ali Jowher Rizvi and Independent Directors are Directors' nominated by institutions and they do not hold any share in their personal name.

Shareholding status of CFO, CS and Head of Internal Audit & their spouses & minor children

Name of the Executive	Designation	No. of Share(s) held	Percent (%)
Mr. Sayed Ahmed FCMA	CFO	Nil	Nil
Mr. Md. Sarwar Kamal ACS	Company Secretary	Nil	Nil
Mr. Probir Sheel	Head of Internal Audit	Nil	Nil

Executive (Top five salaried persons other than CEO, CFO, CS & HIA)

Name of the Executive	Designation	No. of Share(s) held	Percent (%)
Mr. Md. Kamal Pasha	Senior Vice President	Nil	Nil
Mr. Shital Chandra Saha	VP & Head of Lease	Nil	Nil
Mr. Md. Nazrul Islam	AVP & Head of Recovery	Nil	Nil
Mr. Md. Abdul Baten	AVP & Head of Marketing	Nil	Nil
Mr. Mahbubur Rashid Al-Amin	AVP & Head of operation	Nil	Nil

**National Housing Finance  
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Status of compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission's Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August, 2012 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

**[Report under Condition No. 7.00]**

Condition No.	Title	Compliance Status ("√" in appropriate column)		Remarks (if any)
		Complied	Not Complied	
<b>1</b>	<b>BOARD OF DIRECTORS:</b>			
1.1	Board's Size [number of Board members to be 5 – 20]	√		
<b>1.2</b>	<b>Independent Directors</b>			
1.2 (i)	Number of Independent Directors [at least one-fifth]	√		
<b>1.2 (ii)</b>	<b>Independent Director (ID) means a director:</b>			
1.2 (ii) (a)	Holding no share or holding less than 1% shares	√		
1.2 (ii) (b)	Not being a sponsor and connected with any sponsor or director or shareholder holding 1% or more shares	√		
1.2 (ii) (c)	Not having any pecuniary or otherwise relationship with the company or its subsidiary/associated companies	√		
1.2 (ii) (d)	Not being member/director/officer of any stock exchange	√		
1.2 (ii) (e)	Not being shareholder/director/officer of any member of stock exchange or intermediary of capital market	√		
1.2 (ii) (f)	Not being partner/executive at present or during the preceding 3 years of the company's statutory audit firm	√		
1.2 (ii) (g)	Not being an ID in more than 3 listed companies	√		
1.2 (ii) (h)	Not convicted as defaulter in any loan of a bank or NBFI	√		
1.2 (ii) (i)	Not convicted for a criminal offence	√		
1.2 (iii)	To be appointed by BOD and approved in the AGM	√		
1.2 (iv)	The post cannot remain vacant for more than 90 days			N/A
1.2 (v)	Laying down of code of conduct of Board members and recording of annual compliance of the code	√		
1.2 (vi)	Tenure of ID : 3 years, may be extended for one term	√		
<b>1.3</b>	<b>Qualification of Independent Director</b>			
1.3 (i)	Being knowledgeable, having integrity, ability to ensure compliance with laws and make meaningful contribution	√		
1.3 (ii)	Being a Business Leader/ Corporate Leader/ Bureaucrat/ University Teacher(Economics/Business/Law)/CA/CMA/CS having 12 years of management/professional experience	√		
1.3 (iii)	Prior approval of the Commission in special cases			N/A
1.4	Appointment of Chairman and CEO, defining their roles	√		
<b>1.5</b>	<b>The Director's Report to Shareholders shall include</b>			
1.5 (i)	Industry outlook and possible future developments	√		
1.5 (ii)	Segment-wise or product-wise performance	√		
1.5 (iii)	Risks and concerns	√		
1.5 (iv)	Discussion on COGS, Gross Profit and Net Profit Margins	√		
1.5 (v)	Discussion on continuity of Extra-Ordinary gain or loss			N/A
1.5 (vi)	Basis for and a statement of related party transactions	√		
1.5 (vii)	Utilization of proceeds from issuing instruments			N/A
1.5 (viii)	Explanation, if the financial results deteriorate after going for IPO, RPO, Right Offer, Direct Listing, etc			N/A
1.5 (ix)	Explanation about significant variance between Quarterly Financial performance and Annual Financial Statements			N/A



**National Housing Finance  
And Investments Limited**

Condition No.	Title	Compliance Status ("√" in appropriate column)		Remarks (if any)
		Complied	Not Complied	
1.5 (x)	Remuneration to directors including IDs	√		
1.5 (xi)	Fair presentation in financial statements	√		
1.5 (xii)	Maintaining proper books of accounts	√		
1.5 (xiii)	Consistent application of appropriate accounting policies, and accounting estimates being reasonable and prudent	√		
1.5 (xiv)	Following applicable IAS/BAS/IFRS/BFRS, and adequate disclosure for any departure there-from, if any	√		
1.5 (xv)	Soundness and monitoring of internal control system	√		
1.5 (xvi)	Statement regarding ability to continue as going concern	√		
1.5 (xvii)	Significant deviations from last year's operating results			N/A
1.5 (xviii)	Summary of key operating/financial data of last 5 years	√		
1.5 (xix)	Reason for non declaration of Dividend			N/A
1.5 (xx)	Number of Board meetings and attendance of directors	√		
<b>1.5 (xxi)</b>	<b>Pattern of shareholding (along with name wise details) by-</b>			
1.5 (xxi) (a)	Parent/Subsidiary/Associate Companies & related parties	√		
1.5 (xxi) (b)	Directors, CEO, CS, CFO, HOIA, their spouses & children	√		
1.5 (xxi) (c)	Executives (Top 5 salaried employees other than above)	√		
1.5 (xxi) (d)	Shareholders holding 10% or more voting interest	√		
<b>1.5 (xxii)</b>	<b>In case of the appointment/re-appointment of a director,</b>			
1.5 (xxii) (a)	A brief resume of the director	√		
1.5 (xxii) (b)	Nature of his/her expertise in specific functional areas	√		
1.5 (xxii) (c)	Names of companies in which he/she holds directorship and the membership of committees of the board	√		
<b>2</b>	<b>CFO, HEAD OF INTERNAL AUDIT AND CS:</b>			
2.1	Appointment of a CFO, a Head of Internal Audit and a CS and defining their roles, responsibilities & duties	√		
2.2	Attendance of CFO and CS in the meetings of the Board	√		
<b>3</b>	<b>AUDIT COMMITTEE:</b>			
3 (i)	Having Audit Committee as a sub-committee of the BOD	√		
3 (ii)	Audit Committee to assist the BOD in ensuring fairness of financial statements and a good monitoring system	√		
3 (iii)	Audit Committee being responsible to the BOD; duties of Audit Committee to be clearly set forth in writing	√		
<b>3.1</b>	<b>Constitution of the Audit Committee</b>			
3.1 (i)	Audit Committee to be composed of at least 3 members	√		
3.1 (ii)	Directors (at least one Independent Director), as Audit Committee Members, to be appointed by BOD	√		
3.1 (iii)	Audit Committee members to be "financially literate" and at least one to have accounting/financial experience	√		
3.1 (iv)	Vacancy in Audit Committee making the number lower than 3 to be filled up immediately and within 1 month			N/A
3.1 (v)	The CS to act as the secretary of the Audit Committee	√		
3.1 (vi)	No quorum in Audit Committee meeting without one ID	√		



**National Housing Finance  
And Investments Limited**

Condition No.	Title	Compliance Status ("√" in appropriate column)		Remarks (If any)
		Complied	Not Complied	
<b>3.2</b>	<b>Chairman of the Audit Committee</b>			
3.2 (i)	Chairman to be Independent Director, selected by BOD	√		
3.2 (ii)	Chairman of audit committee to remain present in AGM	√		
<b>3.3</b>	<b>Role of Audit Committee</b>			
3.3 (i)	Oversee the financial reporting process	√		
3.3 (ii)	Monitor choice of accounting policies and principles	√		
3.3 (iii)	Monitor Internal Control Risk management process	√		
3.3 (iv)	Oversee hiring and performance of external auditors	√		
3.3 (v)	Review the annual financial statements	√		
3.3 (vi)	Review the quarterly and half yearly financial statements	√		
3.3 (vii)	Review the adequacy of internal audit function	√		
3.3 (viii)	Review statement of significant related party transactions	√		
3.3 (ix)	Review Letters issued by statutory auditors	√		
3.3 (x)	Review disclosures/statements/declarations about uses of funds raised through IPO/RPO/Rights Issue	√		
<b>3.4</b>	<b>Reporting of the Audit Committee</b>			
<b>3.4.1</b>	<b>Reporting to the Board of Directors</b>			
3.4.1 (i)	Reporting on the activities of Audit Committee	√		
3.4.1 (ii) (a)	Reporting on conflicts of interests			N/A
3.4.1 (ii) (b)	Reporting on suspected/presumed fraud or irregularity or material defect in the internal control system			N/A
3.4.1 (ii) (c)	Reporting on suspected infringement of laws			N/A
3.4.1 (ii) (d)	Reporting on any other matter to disclose immediately			N/A
3.4.2	Reporting to BSEC			N/A
3.5	Reporting to the Shareholders and General Investors	√		
<b>4</b>	<b>EXTERNAL / STATUTORY AUDITORS</b>			
4.00 (i)	Non-engagement in appraisal/valuation/fairness opinions	√		
4.00 (ii)	Non-engagement in designing & implementation of FIS	√		
4.00 (iii)	Non-engagement in Book Keeping or accounting	√		
4.00 (iv)	Non-engagement in Broker-Dealer services	√		
4.00 (v)	Non-engagement in Actuarial services	√		
4.00 (vi)	Non-engagement in Internal Audit services	√		
4.00 (vii)	Non-engagement in services determined by Audit Com.	√		
4.00 (viii)	Possessing no share by any partner or employee of the external audit firm during the tenure of assignment	√		
<b>5</b>	<b>SUBSIDIARY COMPANY</b>			
5 (i)	Composition of BOD to be similar to holding company			N/A
5 (ii)	One ID to be in both holding and subsidiary company			N/A
5 (iii)	Minutes of Board meetings of subsidiary company to be placed at following Board meeting of holding company			N/A
5 (iv)	Minutes of respective Board meeting of holding company to state that affairs of subsidiary company be reviewed			N/A
5 (v)	Audit Committee of holding company to review financial statements / investments of subsidiary company			N/A

***National Housing Finance  
And Investments Limited***

Condition No.	Title	Compliance Status ("√" in appropriate column)		Remarks (if any)
		Complied	Not Complied	
<b>6</b>	<b>DUTIES OF CEO AND CFO:</b>			
6 (i) (a)	To certify that they've reviewed FSs which contain no untrue or misleading statement or omit no material fact	√		
6 (i) (b)	To certify that the statements present a true and fair view of affairs and are in compliance with accounting standards and applicable laws	√		
6 (ii)	To certify that no transaction is fraudulent, illegal or violation of company's code of conduct	√		
<b>7</b>	<b>REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE:</b>			
7 (i)	Obtaining certificate regarding compliance and sending it to shareholders along with the Annual Report	√		
7 (ii)	To state, in accordance with annexure, in directors' report whether the conditions has been complied with	√		

## **Report on Financial Statements by Managing Director/CEO And CFO**

The Financial Statements of the National Housing Finance And Investments Limited are prepared in compliance with International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standards (IFRS)/ Bangladesh Financial Reporting Standards (BFRS) and other applicable laws, rules and regulations.

The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view. The form and substance of transactions and the Company's state of affairs reasonably presented. To ensure this, the Company has taken proper and adequate care in installing a system of internal control and accounting records. Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed. However, there are inherent limitations that should be recognized in weighing the assurance provided by any system of internal controls and accounting.

### **In this regard, we also certify to the Board that:-**

- i. We have reviewed financial statements for the year ended 2014 and that to the best of our knowledge and belief:
  - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- ii. There are, to the best of knowledge and belief, no transaction entered into by the Company during the year which are fraudulent, illegal or violation of the Company's code of conduct.



**Sayed Ahmed FCMA**  
Chief Financial Officer



**Md. Khalilur Rahman**  
Managing Director



*National Housing Finance  
And Investments Limited*

**S. Abdur Rashid FCS**

BCom (Hons), MBS (Finance & Banking), MBA (Finance), PGDHRM, AIPM

**Chartered Secretary in Practice**

Private Practice Certificate No.: 003

Mobile # 01726-533655, 01976533655, 01193095297

E-mail : sarashid12000@yahoo.com

**SARashid & Associates  
(Chartered Secretaries)**

Noakhali Tower (10th Floor, 11-F)  
55/B Purana Paltan, Dhaka-1000, Bangladesh  
E-mail : sarashidnasso@gmail.com

**Certificate on Compliance of Corporate Governance Guidelines**

[ Issued under Condition # 7(i) of Corporate Governance Guidelines of BSEC vide  
Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 ]

I have reviewed the Compliance of Conditions of the Corporate Governance Guidelines by National Housing Finance and Investments Limited ("the Company") for the year ended 31 December 2014. Such compliance is the responsibility of the Company as stipulated in the above mentioned notification issued by Bangladesh Securities and Exchange Commission (BSEC). I have conducted my review in a manner that has provided me a reasonable basis for evaluating the compliances and expressing my opinion thereon. This review has been limited to the measures adopted by the Company in ensuring such compliances and this has not been for expression of opinion on the financial statements or future viability of the Company. According to the information and explanations provided to me by the Company, I hereby certify that all the conditions of the Corporate Governance Guidelines have been complied with by the Company.

*Rashid*

S. Abdur Rashid FCS



Dhaka, 20 April 2015

## **Auditors' Report & Financial Statements**



***National Housing Finance  
And Investments Limited***

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS  
OF  
NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED**

We have audited the accompanying financial statements of National Housing Finance and Investments Limited ("the Company"), which comprise the balance sheet as at 31 December 2014, and profit and loss account, statements of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

***Management's Responsibility for the Financial Statements and Internal Controls***

Management is responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Bangladesh Financial Reporting Standards as explained in note 2.01, the Financial Institutions Act 1993, the rules and regulations issued by Bangladesh Bank, the Securities and Exchange Rules 1987, the Companies Act 1994 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditors' Responsibility***

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

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

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

***Opinion***


In our opinion, the financial statements of the Company give a true and fair view of the financial position of the Company as at 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards as explained in note 2.01.



**Report on Other Legal and Regulatory Requirements**

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

- (a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (b) 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 and proper returns adequate for the purpose of our audit have been received from branches not visited by us;
- (c) the balance sheet , profit and loss account of the company together with annexed form 1 to 54 dealt with by the report are in agreement with the books of account and returns;
- (d) the expenditure incurred was for the purposes of the Company business during the year;
- (e) the financial statements of the Company have been drawn up in conformity with prevailing rules, regulations and Bangladesh Financial Reporting Standards as explained in note 2.01 as well as with related guidance, circulars issued by Bangladesh Bank ;
- (f) adequate provisions have been made for the loans and advances, leases and other assets which are, in our opinion, doubtful of recovery;
- (g) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (h) the information and explanation required by us have been received and found satisfactory; and
- (i) we have reviewed over 80% of the risk weighted assets of the Company and we have spent around 1250 person hours for the audit of the books and accounts of the Company.

  
**Howladar Yunus & Co.**  
Chartered Accountants

April 02, 2015  
Place: Dhaka

*National Housing Finance  
And Investments Limited*

**NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED**

Balance Sheet  
As at December 31, 2014

	Note	2014 Taka	2013 Taka
<b>Property and Assets</b>			
<b>Cash:</b>	4.00		
In hand (including foreign currencies)		37,313	34,060
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		86,330,630	92,292,143
		<b>86,367,943</b>	<b>92,326,203</b>
<b>Balance with banks and other financial institutions:</b>	5.00		
In Bangladesh		1,026,935,969	1,086,059,202
Outside Bangladesh		-	-
		<b>1,026,935,969</b>	<b>1,086,059,202</b>
<b>Money at call and on short notice</b>	6.00		
<b>Investments:</b>	7.00		
Government		-	-
Others		20,807,259	20,582,396
		<b>20,807,259</b>	<b>20,582,396</b>
<b>Loans and advances:</b>	8.00		
Loans, cash credits, overdrafts etc.		5,478,012,918	4,799,346,480
Bills purchased and discounted		-	-
		<b>5,478,012,918</b>	<b>4,799,346,480</b>
<b>Fixed assets including premises, furniture and fixtures</b>	9.00	<b>30,438,377</b>	<b>34,676,537</b>
<b>Other assets</b>	10.00	<b>214,550,697</b>	<b>233,525,425</b>
<b>Non-banking assets</b>	11.00	-	-
<b>Total Assets</b>		<b>6,857,113,164</b>	<b>6,266,516,243</b>
<b>Liabilities and Capital</b>			
<b>Liabilities:</b>			
<b>Borrowing from banks, other financial institutions and agents</b>	12.00	<b>967,205,103</b>	<b>1,007,384,738</b>
<b>Deposits and other accounts:</b>	13.00		
Current deposits and other accounts etc.		-	-
Bills payable		-	-
Savings bank deposits		-	-
Fixed deposits		3,791,067,944	3,252,304,922
Bearer certificate of deposits		-	-
Other deposits		35,361,043	36,361,782
		<b>3,826,428,987</b>	<b>3,288,666,704</b>
<b>Other liabilities</b>	14.00	<b>560,793,987</b>	<b>544,387,469</b>
<b>Total Liabilities</b>		<b>5,354,428,077</b>	<b>4,840,438,910</b>
<b>Capital/Shareholders' equity:</b>			
Paid up capital	15.02	1,063,920,000	1,063,920,000
Statutory reserve	16.00	265,409,106	223,489,587
Retained earnings	17.00	173,355,981	138,667,746
<b>Total Shareholders' equity</b>		<b>1,502,685,087</b>	<b>1,426,077,332</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>6,857,113,164</b>	<b>6,266,516,243</b>


**National Housing Finance  
And Investments Limited**

Note	2014 Taka	2013 Taka
<b>Off Balance Sheet Items</b>		
<b>Contingent Liabilities:</b>		
Acceptances and endorsements	-	-
Letters of Guarantee	-	-
Irrevocable letters of credit	-	-
Bills for collection	-	-
Other contingent liabilities	3,269,831	-
	<b>3,269,831</b>	-
<b>Other Commitments:</b>		
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	41.00 390,156,970	535,035,031
	<b>390,156,970</b>	<b>535,035,031</b>
Undrawn formal standby facilities, credit lines and other commitments	-	-
<b>Total Off Balance Sheet Items Including Contingent Liabilities</b>	<b>393,426,801</b>	<b>535,035,031</b>

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 Tanveer Hussain  
Independent Director

  
Latifur Rahman  
Chairman

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

  
Chartered Accountants

Date: April 02, 2015  
Place: Dhaka



**National Housing Finance  
And Investments Limited**


**NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED**

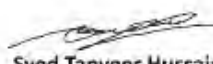
Profit and Loss Account  
For the year ended December 31, 2014

	Note	2014 Taka	2013 Taka
Interest Income	19.00	881,347,732	877,338,237
Interest paid on deposits, borrowings etc.	20.00	469,130,009	524,724,133
<b>Net interest income</b>		<b>412,217,723</b>	<b>352,614,104</b>
Investment income	21.00	(162,337)	554,932
Commission, exchange and brokerage	22.00	151,200	122,650
Other operating income	23.00	73,798,410	14,924,126
<b>Total operating income</b>		<b>436,004,996</b>	<b>368,215,812</b>
Salaries and allowances	24.02	54,145,682	39,014,656
Rent, taxes, insurance, electricity etc.	24.03	6,557,363	6,032,590
Legal expenses	24.04	2,580,354	2,810,525
Postage, stamps, telecommunication etc.	25.00	2,387,497	1,874,540
Stationery, printing, advertisement etc.	26.00	4,450,363	3,065,570
Managing Director's salary and fees	27.00	3,310,000	5,760,000
Directors' fees and expenses	24.01	890,000	917,000
Auditors' fees	28.00	172,500	172,500
Charges on loan losses		-	-
Depreciation on and repairs to assets	29.00	4,489,710	5,395,988
Other expenses	30.00	8,403,853	9,516,760
<b>Total operating expenses</b>		<b>87,387,322</b>	<b>74,560,129</b>
<b>Profit before provisions</b>		<b>348,617,674</b>	<b>293,655,683</b>
<b>Provisions for</b>			
Loans, advances and leases	31.00	10,089,138	52,704,224
Diminution in value of investments	31.01	(2,786,074)	4,357,991
Others	31.02	3,916,816	2,671,189
<b>Total provisions</b>		<b>11,219,880</b>	<b>59,733,404</b>
<b>Total profit before taxation</b>		<b>337,397,794</b>	<b>233,922,279</b>
Provisions for taxation	14.09	(127,800,197)	(66,450,222)
<b>Net Profit after taxation</b>		<b>209,597,597</b>	<b>167,472,057</b>
<b>Appropriations:</b>			
Statutory reserve	16.00	41,919,519	33,494,411
General reserve		-	-
Dividend etc.		-	-
		<b>41,919,519</b>	<b>33,494,411</b>
<b>Retained surplus</b>		<b>167,678,078</b>	<b>133,977,645</b>
Earnings per share	32.00	1.97	1.57

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 Tanveer Hussain**  
Independent Director

  
**Latifur Rahman**  
Chairman

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

  
Chartered Accountants

Date: April 02, 2015  
Place: Dhaka

**NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED**


**Cash Flows Statement**

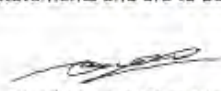
For the year ended December 31, 2014

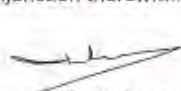
	Note	2014 Taka	2013 Taka
<b>A. Cash flows from operating activities</b>			
Interest receipts in cash	33.00	895,501,310	818,138,023
Interest payments	34.00	(473,811,319)	(506,069,128)
Dividend receipts		918,000	400,300
Fees and commissions receipts in cash	35.00	151,200	122,650
Recoveries on loans previously written off		-	640,420
Cash payments to employees	36.00	(53,478,988)	(44,774,656)
Cash payments to suppliers	37.00	(7,367,788)	(5,577,869)
Income taxes paid		(79,975,794)	(40,626,834)
Receipts from other operating activities	38.00	22,718,073	14,438,338
Payments for other operating activities	39.00	(18,604,070)	(19,403,375)
<b>Cash generated from operating activities before changes in operating assets and liabilities</b>		<b>286,050,624</b>	<b>217,287,868</b>
<b>Increase/(decrease) in operating assets and liabilities:</b>			
Statutory deposits		-	-
Purchase/sale of trading securities		-	-
Loans, advances and leases to the client		(709,076,249)	(422,646,676)
Other assets		1,308,265	(52,763,418)
Term deposits	40.00	538,763,022	560,295,624
Other deposits	40.00	(1,000,739)	(11,344,075)
Trading liabilities		-	-
Other liabilities		(8,010,453)	(1,059,070)
		<b>(178,016,154)</b>	<b>72,482,385</b>
<b>Net cash flow from operating activities</b>		<b>108,034,470</b>	<b>289,770,253</b>
<b>B. Cash flows from investing activities</b>			
Proceeds from sale of securities		(224,863)	(10,526,004)
Payments for purchase of securities		-	-
Purchase /sale of property, plant & equipment		278,378	(1,780,715)
Purchase /sale of subsidiary		-	-
<b>Net cash from investing activities</b>		<b>53,515</b>	<b>(12,306,719)</b>
<b>C. Cash flows from financing activities</b>			
Receipts from issue of loan capital & debt securities		-	-
Payments for redemption of loan capital & debt securities		-	-
Receipt from Issue of right shares		-	343,200,000
Loan from banks		(40,179,634)	(185,879,150)
Dividend for the year 2013		(132,989,843)	-
<b>Net cash from financing activities</b>		<b>(173,169,477)</b>	<b>157,320,850</b>
<b>D. Net increase/(decrease) in cash</b>		<b>(65,081,493)</b>	<b>434,784,384</b>
<b>E. Effects of exchange rate changes on cash and cash equivalent</b>			
<b>F. Cash and cash equivalent at beginning of the year</b>		<b>1,178,385,405</b>	<b>743,601,021</b>
<b>G. Cash and cash equivalent at end of the year</b>		<b>1,113,303,912</b>	<b>1,178,385,405</b>
<b>Cash and cash equivalent at end of the year</b>			
Cash in hand (including foreign currencies)		37,313	34,060
Balance with Bangladesh Bank and its agent bank(s) (including foreign currency)		86,330,630	92,292,143
Balance with banks and other financial institutions		1,026,935,969	1,086,059,202
Money at call and on short notice		-	-
		<b>1,113,303,912</b>	<b>1,178,385,405</b>

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 Tanveer Hussain  
Independent Director

  
Latifur Rahman  
Chairman

*National Housing Finance  
And Investments Limited*

**NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED**

Statement of Changes in Equity  
For the year ended December 31, 2014

Figures in Taka

Particulars	Paid-up Capital	Statutory Reserve	General Reserve	Retained Earnings	Total
As at January 01, 2014	1,063,920,000	223,489,587	-	138,667,746	1,426,077,332
Changes in accounting policy	-	-	-	-	-
Restated balance	1,063,920,000	223,489,587	-	138,667,746	1,426,077,332
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	-	-	-	209,597,597	209,597,597
Dividend	-	-	-	(132,989,843)	(132,989,843)
Transfer to statutory reserve	-	41,919,519	-	(41,919,519)	-
<b>Balance as at December 31, 2014</b>	<b>1,063,920,000</b>	<b>265,409,106</b>	<b>-</b>	<b>173,355,981</b>	<b>1,502,685,087</b>

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



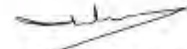
Md. Khalilur Rahman  
Managing Director



Md. Kabir Reza  
Director



Syed Tanveer Hussain  
Independent Director



Latifur Rahman  
Chairman



## NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED

### Liquidity Statement (Maturity Analysis of Assets & Liabilities)

As at December 31, 2014

Figures in Taka


Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
<b>Asset</b>						
Cash in hand	37,313	-	-	-	-	37,313
Balance with Bangladesh Bank and its agents	86,330,630	-	-	-	-	86,330,630
Balance with other banks and FIs	81,835,969	-	945,100,000	-	-	1,026,935,969
Investments	-	20,807,259	-	-	-	20,807,259
Money at call and on short notice	-	-	-	-	-	-
Loans, advances and leases	-	853,752,846	381,462,226	1,981,298,002	2,261,499,844	5,478,012,918
Fixed assets	-	-	-	-	30,438,377	30,438,377
Other assets	98,629,485	-	115,166,752	-	754,460	214,550,697
Non-financial institution assets	-	-	-	-	-	-
<b>Total Asset</b>	<b>266,833,397</b>	<b>874,560,105</b>	<b>1,441,728,978</b>	<b>1,981,298,002</b>	<b>2,292,692,681</b>	<b>6,857,113,163</b>
<b>Liabilities</b>						
Borrowing from banks, other financial institutions and agents	12,885,363	41,525,911	166,513,728	627,394,726	118,885,375	967,205,103
Deposits and other accounts	342,306,237	-	1,627,851,087	1,837,129,221	19,142,442	3,826,428,987
Provision & other liabilities	172,144,909	1,796,138	209,076,043	177,776,898	-	560,793,987
<b>Total Liabilities</b>	<b>527,336,509</b>	<b>43,322,049</b>	<b>2,003,440,858</b>	<b>2,642,300,845</b>	<b>138,027,817</b>	<b>5,354,428,077</b>
<b>Net Liquidity Gap</b>	<b>(260,503,112)</b>	<b>831,238,056</b>	<b>(561,711,879)</b>	<b>(661,002,843)</b>	<b>2,154,664,864</b>	<b>1,502,685,087</b>

**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

  
**Md. Kabir Reza**  
Director

  
**Syed Tanveer Hussain**  
Independent Director

  
**Latifur Rahman**  
Chairman

*National Housing Finance  
And Investments Limited*

***National Housing Finance  
And Investments Limited***

**NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED**

**Notes to the Financial Statements**  
For the year ended December 31, 2014

**1.00 Company and Its Activities**

**1.01 Legal status and nature of the company**

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

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

The registered office of the Company is located at National Plaza (7th & 8th 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 (BFRSs), The Companies Act 1994, The Securities and Exchange Ordinance 1969, The Securities and Exchange Rule 1987 and other applicable laws and regulations in Bangladesh.

**2.02 Basis of Accounting**

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

**2.03 Disclosure of deviations from few requirements of BAS/BFRS due to mandatory compliance of Bangladesh Bank's requirements**

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

**2.03.01 Investment in shares and securities**

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



## *National Housing Finance And Investments Limited*

**"Bangladesh Bank:** As per FID circular No. 08 dated 03 August 2002 Investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment. As such the Company measures and recognizes investment in quoted and unquoted shares at cost if the year-end market value (for quoted shares) and book value (for unquoted shares) are higher than the cost. In order to comply with the requirement specified in DFIM Circular No. 11, the company has charged the entire amount of difference in market value and cost price of marketable securities to the profit and loss account. However as per requirements of BAS 39 investment in shares falls either under "at fair value through profit and loss account" or under "available for sale" where any change in the fair value at the year-end is taken to profit and loss account or revaluation reserve respectively."

### **2.03.02 Provision on loans and advances/investments**

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

**Bangladesh Bank:** As per FID circular No. 08 dated 03 August 2002, FID circular No. 03, dated 03 May 2006 and DFIM circular No. 03, dated 29 April 2013 a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained. However such general provision satisfy the conditions of provision as per BAS 39. At the year end the Company has recognized an accumulated general provision of BDT 51,047,519 (out of accumulated provision of BDT 99,577,571) under liabilities.

### **2.03.03**

**BFRS:** Loans and advances to customers are generally classified as 'loans and receivables' as per BAS 39 and interest income is recognised through effective interest rate method over the term of the loan. Once a loan is impaired, interest income is recognised 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 recognised as income, rather the corresponding amount needs to be credited to an interest in suspense account, which is presented as liability in the balance sheet.

### **2.03.04 Other comprehensive income**

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

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

### **2.03.05 Financial instruments – presentation and disclosure**

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

### **2.03.06 Write off**

Write-off describes a reduction in recognised 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 April 02, 2015.



## ***National Housing Finance And Investments Limited***

### **2.05 Functional and Presentation Currency**

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

### **2.06 Use of Estimates and Judgments**

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

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

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

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

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

#### **Contingent liabilities and contingent assets**

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

### **2.07 Liquidity Analysis**

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

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

### **2.08 Reporting Period**

These financial statements have been prepared for the period from January 01, 2014 to December 31, 2014.

### **2.09 Cash Flow Statement**

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

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

### **2.09.01 Cash and cash equivalent**

**BFRS:** Cash and cash equivalent items should be reported as cash item as per BAS 7.

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

**2.09.02 Non-banking asset**

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

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

**2.10 Implementation of BASEL-II**

To comply with international best practices to make the FI's capital more risk sensitive as well as to make the FI industry more shock absorbent and stable, Bangladesh Bank provided regulatory capital framework "Risk Based Capital Adequacy for FI's with effect from 01 January 2012.

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

**3.00 Significant accounting policies**

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

**3.01 Authorized Capital**

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

**3.02 Paid up Capital**

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

**3.03 Statutory Reserve**

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

**3.04 Revenue Recognition**

**3.04.01 Interest Income**

**Mortgage Loans**

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

**Lease Finance**

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

**Term Finance**

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

**Fixed Deposits**

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

**3.04.02 Investment Income**

Income on investment is recognized on accrual basis.



## ***National Housing Finance And Investments Limited***

### **3.04.03 Fees and Commission Income**

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

### **3.05 Expenditure Recognition**

#### **3.05.01 Interest Paid and Other Expenses**

Interest paid and other expenses are recognized on accrual basis.

#### **3.05.02 Loan Loss Provision**

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

#### **3.05.03 Fixed Assets**

##### **i) Recognition and measurement**

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

##### **ii) Subsequent Cost**

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

##### **iii) Depreciation**

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

<b>Items</b>	<b>Rates</b>
Land and Building	10.00%
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, 2014 and consistent with the past practice.



**3.07.02 Deferred Tax**

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

**3.08 Earnings Per Share (EPS)**

Earnings Per Share (EPS) has been computed by dividing the basic earnings by the weighted average number of ordinary shares outstanding as at 31 December, 2014. 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 2014 has been stated as post balance sheet events in note 49.00.

**3.10 Related party disclosure**

As per Bangladesh Accounting Standards (BAS) 24 "Related Party Disclosures", parties are considered to be related if one of the party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related party disclosures have been given in note-54.

**3.11 Regulatory & Legal Compliances**

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

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

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

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

***National Housing Finance  
And Investments Limited***

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



**National Housing Finance  
And Investments Limited**

		2014 Taka	2013 Taka
<b>4.00</b>	<b>Cash</b>		
	<b>Cash in hand:</b>		
	Local currency	37,313	34,060
	Foreign currencies		
	<b>Balance with Bangladesh Bank and its agent Bank:</b>	<b>37,313</b>	<b>34,060</b>
	Local currency	86,330,630	92,292,143
	Foreign currencies		
		<b>86,330,630</b>	<b>92,292,143</b>
		<b>86,367,943</b>	<b>92,326,203</b>
<b>4.01</b>	<b>Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR)</b>		
	Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR) have been calculated and maintained in accordance with section 19 of the Financial Institutions Act 1993, rules 5 of the Financial Institutions Regulations 1994 and FID circular # 6 dated November 06, 2003.		
	The CRR on the Company's term deposits received from public @ 2.5% has been calculated and maintained with Bangladesh Bank in current account and 5% SLR, including CRR, on the total liabilities has been maintained in the form of balance with banks and other financial institutions. Both the reserves maintained by the Company are in excess of the statutory requirements. Details of CRR & SLR maintained by the company are shown in the note: 4.01.01 & 4.01.02.		
<b>4.01.01</b>	<b>Cash Reserve Requirement (CRR)</b>		
	Required reserve	75,039,949	60,324,538
	Actual reserve held	86,330,630	92,292,143
	<b>Surplus/(deficit)</b>	<b>11,290,681</b>	<b>31,967,605</b>
<b>4.01.02</b>	<b>Statutory Liquidity Reserve (SLR)</b>		
	Required reserve	206,663,000	185,372,000
	Actual reserve held	1,033,533,000	1,176,912,223
	<b>Surplus/(deficit)</b>	<b>826,870,000</b>	<b>991,540,223</b>
<b>5.00</b>	<b>Balance with banks and other financial institutions</b>		
<b>5.01</b>	<b>In Bangladesh</b>		
	On current accounts (note: 5.01.01)	4,042,037	1,807,466
	On Short Term Deposit (STD) Accounts (note: 5.01.02)	77,793,932	84,251,737
	On Fixed Deposit Account (note: 5.01.03)	945,100,000	1,000,000,000
		<b>1,026,935,969</b>	<b>1,086,059,202</b>
	<b>Outside Bangladesh</b>		
		<b>1,026,935,969</b>	<b>1,086,059,202</b>
<b>5.01.01</b>	<b>On Current Accounts</b>		
	AB Bank Limited	184,465	184,466
	EXIM Bank Limited	968,857	1,442,863
	National Bank Limited	1,175,536	106,268
	One Bank Limited	40,571	43,416
	Standard Bank Limited	1,084	4,879
	Trust Bank Limited	17,235	20,800
	Mercantile Bank Limited	1,651,930	-
	The City Bank Limited	2,359	4,774
		<b>4,042,037</b>	<b>1,807,466</b>



***National Housing Finance  
And Investments Limited***

	<b>2014 Taka</b>	<b>2013 Taka</b>
<b>5.01.02 On Short Term Deposit (STD) Accounts</b>		
Islami Bank Bangladesh Limited	262,447	123,467
AB Bank Limited	15,221	15,952
Bank Asia Limited	12,439,627	4,786,744
Dhaka Bank Limited	0.30	3,755
Eastern Bank Limited	11,557,970	10,202,208
Exim Bank Limited	4,593	5,564
Jamuna Bank Limited	15,045,345	9,903,605
National Bank Limited	1,195,791	40,781,991
Premier Bank Limited	1,235,437	2,012,306
Pubali Bank Limited	851,037	1,919,079
Shahjalal Islami Bank Limited	2,557,771	151,717
Sonali Bank Limited	2,043	1,915
Southeast Bank Limited	8,082,109	7,924,119
Trust Bank Limited	5,574,424	1,412,887
United Commercial Bank Limited	4,075	5,050
Bank Alfalah Limited	9,970,852	3,806,971
H.S.B.C Bangladesh	539,435	332,948
Mercantile Bank Limited	8,455,756	861,459
	<b>77,793,932</b>	<b>84,251,737</b>
<b>5.01.03 On Fixed Deposit Account</b>		
AB Bank Limited	10,100,000	-
National Bank Limited	5,000,000	-
NRB Global Bank Limited	50,000,000	50,000,000
Jamuna Bank Limited	600,000,000	600,000,000
Peoples Leasing and Financial Services Limited (PLFSL)	100,000,000	200,000,000
First Lease Finance	150,000,000	50,000,000
SBAC Bank Limited	30,000,000	-
Reliance Finance Limited	-	100,000,000
	<b>945,100,000</b>	<b>1,000,000,000</b>

**National Housing Finance  
And Investments Limited**

	2014 Taka	2013 Taka
<b>5.02 Maturity Grouping of Balance with other Banks and Financial Institutions</b>		
On demand	81,835,969	86,059,202
Up to 3 (three) months	300,000,000	-
More than 3 (three) months but not more than 1 (one) year	645,100,000	600,000,000
More than 1 (one) year but not more than 5 (five) years	-	400,000,000
More than 5 (five) years	-	-
	<b>1,026,935,969</b>	<b>1,086,059,202</b>
<b>6.00 Money at call and on short notice</b>		
With Banking Companies	-	-
<b>7.00 Investments</b>		
Government securities	-	-
Other Investments (note: 7.01)	20,807,259	20,582,396
	<b>20,807,259</b>	<b>20,582,396</b>
<b>7.01 Other Investments</b>		
Preference Shares	-	-
Ordinary Shares (note: 7.01.01)	20,807,259	20,582,396
	<b>20,807,259</b>	<b>20,582,396</b>

**7.01.01 Investment in ordinary shares**

Name of Company	Cost Price	Number of Shares	Cost Value	Market Price	Market Value	Provision for diminution in value of share
IFIC Bank Limited	26.36	60,000	1,581,822	26.10	1,566,000	15,822
Marico Bangladesh Limited	1,318.30	3,000	3,954,894	1,123.20	3,369,600	585,294
Reckitt Banckiser (BD) Limited	1,393.51	3,000	4,180,531	1,086.50	3,259,500	921,031
Square Textiles Limited	92.33	40,850	3,771,836	91.00	3,717,350	54,486
Khulna Power Company Limited	58.01	86,516	5,018,757	57.00	4,931,412	87,345
Golden Son Limited	45.99	50,000	2,299,420	45.30	2,265,000	34,420
<b>Total</b>			<b>20,807,259</b>		<b>19,108,862</b>	<b>1,698,397</b>

Opening Balance	4,484,471
Charge /(recovery) during the year	(2,786,074)
<b>Balance as on December 31, 2014</b>	<b>1,698,397</b>

**7.01.02 Maturity-wise Grouping**

On demand	20,807,259	20,582,396
Up to 3 (three) months	-	-
More than 3 (three) months but not more than 1 (one) year	-	-
More than 1 (one) year but not more than 5 (five) years	-	-
	<b>20,807,259</b>	<b>20,582,396</b>

***National Housing Finance  
And Investments Limited***

	<b>2014 Taka</b>	<b>2013 Taka</b>
<b>8.00 Loans and advances</b>		
Mortgage loans	3,609,442,227	2,914,103,886
Lease finance (note: 8.03)	437,144,614	602,282,628
Term loans	678,490,552	609,333,463
Small & Medium Enterprises Loan (note: 8.03)	712,950,387	637,229,923
Loan Against Fixed Deposits	16,852,829	13,511,336
Staff loan (note: 8.07)	23,132,309	22,885,244
	<b>5,478,012,918</b>	<b>4,799,346,480</b>
Note - Figure in 2013 has been restated due to changes in presentation.		
<b>8.01 Net Loans and advances</b>		
Gross loans, advances and leases	5,478,012,918	4,799,346,480
Less: Interest suspense (note: 14.03)	(76,805,687)	(82,057,919)
Less: Provision for loans, advances and leases (note: 8.13)	(84,117,589)	(111,425,975)
	<b>5,317,089,642</b>	<b>4,605,862,586</b>
<b>8.02 Maturity-wise Grouping of loans and advances</b>		
On demand	-	156,909,397
Up to 3 (three) months	853,752,846	19,709,414
More than 3 (three) months but not more than 1 (one) year	381,462,226	546,740,336
More than 1 (one) year but not more than 5 (five) years	1,981,298,002	1,900,525,036
More than 5 (five) years	2,261,499,844	2,175,462,297
	<b>5,478,012,918</b>	<b>4,799,346,480</b>
<b>8.03 Lease Finance &amp; SME Loan</b>		
Receivable within 3 months	157,880,891	141,627,238
More than 3 (three) months but not more than 1 (one) year	80,722,382	343,540,169
More than 1 (one) year but not more than 5 (five) years	911,491,728	748,323,544
More than 5 (five) years	-	6,021,600
	<b>1,150,095,001</b>	<b>1,239,512,551</b>
<b>8.04 Loans, Advances and Leases</b>		
<b>In Bangladesh</b>		
Loans	4,327,917,917	3,559,833,929
Leases	1,150,095,001	1,239,512,551
Overdraft	-	-
Cash Credit	-	-
	<b>5,478,012,918</b>	<b>4,799,346,480</b>
<b>Outside Bangladesh</b>	-	-
	<b>5,478,012,918</b>	<b>4,799,346,480</b>



*National Housing Finance  
And Investments Limited*

	2014 Taka	2013 Taka
<b>8.05 Geographical Location-wise Grouping</b>		
<b>In Bangladesh</b>		
Dhaka division	4,322,459,444	3,897,159,796
Chittagong division	357,171,017	333,068,991
Khulna division	-	-
Sylhet division	-	-
Barisal division	-	-
Rajshahi division	798,382,457	569,117,693
	5,478,012,918	4,799,346,480
<b>Outside Bangladesh</b>		
	<b>5,478,012,918</b>	<b>4,799,346,480</b>
<b>8.06 Significant Concentration-wise Grouping</b>		
<b>Directors &amp; their related parties (Note: 54.00)</b>		169,291
<b>Staff:</b>		
Managing Director		
Senior Executives	23,132,309	30,072,072
Others	16,852,829	1,343,447
	<b>39,985,138</b>	<b>31,415,519</b>
<b>Industries:</b>		
Agricultural loan	393,650,094	182,558,218
Large and medium enterprises	1,007,769,722	637,229,923
Small and cottage	252,850,353	392,418,870
	<b>1,654,270,169</b>	<b>1,212,207,011</b>
<b>Mortgage Loan</b>		
Home mortgage loan	2,942,485,035	2,324,530,338
Commercial mortgage loan	197,200,216	100,713,827
Project mortgage loan	469,756,976	488,690,430
	<b>3,609,442,227</b>	<b>2,913,934,595</b>
<b>Trade &amp; commercial</b>	174,315,384	641,620,064
	<b>5,478,012,918</b>	<b>4,799,346,480</b>
<b>8.07 Staff Loan</b>		
Personal loan	15,566,208	14,775,364
Car loan	2,543,447	2,543,447
House building loan	5,022,654	5,566,433
	<b>23,132,309</b>	<b>22,885,244</b>
<b>8.08 Details of Large Loan</b>		

As at 31st December 2014 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 Tk. 1,553.73 million and Tk. 1,463.33 million respectively as at 2014 & 2013 respectively (note: 15.04).

**National Housing Finance  
And Investments Limited**

		2014 Taka	2013 Taka
<b>8.09</b>	<b>Grouping as per Classification Rules</b>		
	<b>Unclassified:</b>		
	Standard including staff loan	4,834,548,111	4,194,488,877
	Special Mention Account	326,498,807	294,265,418
	<b>Classified:</b>	<b>5,161,046,918</b>	<b>4,488,754,295</b>
	Sub-standard	153,390,426	75,802,652
	Doubtful	40,817,492	57,197,669
	Bad/loss	122,758,082	177,591,864
		<b>316,966,000</b>	<b>310,592,185</b>
		<b>5,478,012,918</b>	<b>4,799,346,480</b>
<b>8.10</b>	<b>Loan Type-wise Classified Loan</b>		
	Mortgage loans	176,823,896	211,637,644
	Lease finance	17,500,945	8,988,118
	Term Finance	70,930,116	42,045,554
	Small & Medium Enterprises	51,711,043	47,920,869
		<b>316,966,000</b>	<b>310,592,185</b>
<b>8.11</b>	<b>Sector-wise Allocation of Loans, Advances and Leases</b>		
	<b>Government</b>		
	<b>Private:</b>		
	Mortgage loan	3,419,206,432	2,813,390,059
	Industry	437,144,614	602,327,910
	Term Finance	678,490,552	609,288,181
	Commercial loan	190,235,795	100,713,827
	SME Loan	712,950,387	637,229,923
	Miscellaneous	39,985,138	36,396,580
		<b>5,478,012,918</b>	<b>4,799,346,480</b>
<b>8.12</b>	<b>Securities Against Loans, Advances and Leases</b>		
	Collateral of moveable/immoveable assets	3,609,442,227	2,913,934,595
	Fixed Deposit Receipts (FDR)	346,775,158	324,711,336
	Fixed Deposit of other banks	222,430,025	431,673,911
	Personal guarantee	421,726,795	420,935,951
	Others	877,638,713	708,090,687
		<b>5,478,012,918</b>	<b>4,799,346,480</b>

**8.13 Particulars of Required Provision for Loans, Advances and Leases**

Status	Outstanding Loans, Advances and Leases	Base for Provision	Rate of Required Provision	Required Provision	Required Provision
For Loans, Advances and Leases:					
<b>Unclassified-General Provision:</b>					
All unclassified Loans	4,834,548,111	4,834,548,111	0.25% & 1%	43,873,944	41,701,256
Special Mention Account (SMA)	326,498,807	313,117,525	5.00%	15,655,876	14,034,254
<b>Sub-total:</b>	<b>5,161,046,918</b>	<b>5,147,665,636</b>	<b>59,529,820</b>	<b>55,735,510</b>	
<b>Classified-Specific Provision:</b>					
Sub-standard	153,390,426	19,924,341	20.00%	3,984,868	3,625,749
Doubtful	40,817,492	6,993,678	50.00%	3,496,839	2,974,836
Bad/Loss	122,758,082	17,106,062	100.00%	17,106,062	49,089,880
<b>Sub-total:</b>	<b>316,966,000</b>	<b>44,024,081</b>		<b>24,587,769</b>	<b>55,690,465</b>
<b>Grand-total:</b>	<b>5,478,012,918</b>	<b>5,191,689,717</b>		<b>84,117,589</b>	<b>111,425,975</b>

**National Housing Finance  
And Investments Limited**

2014 Taka	2013 Taka
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- 8.14** While calculating provision for bad loan S. A Telecom Systems Limited has not been considered as classified due to a stay order from Honorable High Court Division, in The Supreme Court of Bangladesh. Bangladesh Bank also advised to follow the Court instruction in these regard.

**8.15 Particulars of Loans, Advances and Leases**

Loans considered good in respect of which the Company is fully secured  
Loans considered good in respect of which the Company holds no security other than debtors' personal guarantee  
Loans considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors

4,178,647,410	3,670,319,842
437,293,003	435,711,315
862,072,505	693,315,323
-	-
<b>5,478,012,918</b>	<b>4,799,346,480</b>

Loans adversely classified-no provision made thereof

Loans due by directors or officers of the bank or any of them either separately or jointly with any other persons  
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 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 persons  
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

23,132,309	22,885,244
-	169,291
-	-
-	-
-	-

**Classified loans, Advances and leases**

a) Classified Loans, advances and leases on which interest has not been charged (Note-8.09)  
b) Loans written off  
c) Realized from previous written off  
d) Provision on bad loans, Advances and leases  
e) Interest credited to the interest suspense account (Note-14.05)  
f) cumulative amount of the written off loans/Leases:  
    Opening balance  
    Amount written off during the year  
    Cumulative to date  
    Recovery from write-off  
    Written off loans for which law suit filed

316,966,000	310,592,185
37,043,850	124,786,877
-	640,420
24,587,769	55,690,465
76,805,687	(82,057,919)
209,656,775	85,510,318
37,043,850	124,786,877
246,700,625	210,297,195
-	(640,420)
246,700,625	209,656,775

- 8.16** 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.



**National Housing Finance  
And Investments Limited**

**9.00 Fixed Assets Including Premises, Furniture and Fixtures for 2014**

Figures in Taka

Particulars	Cost			Rate	Depreciation				Written down value as on 31.12.13	
	Balance as on 01.01.14	Disposed during the year	Addition during the year		Balance as on 31.12.14	Balance as on 01.01.14	Adjustments for disposal	Charged during the year		Balance as on 31.12.14
Land & building	41,565,093	-	-	10%	21,339,311	-	1,794,984	23,134,295	18,430,798	20,225,782
Furniture	10,396,770,000	-	584,884	10%	4,284,882	-	669,680	4,954,562	6,027,092	6,111,888
Office equipment	10,320,710	-	1,409,738	20%	7,091,546	-	927,776	8,019,322	3,711,126	3,229,164
Motor vehicle	9,558,600	4,720,000	-	20%	4,448,897	2,447,000	567,342	2,569,239	2,269,361	5,109,703
<b>Total:</b>	<b>71,841,173</b>	<b>4,720,000</b>	<b>1,994,622</b>		<b>37,164,636</b>	<b>2,447,000</b>	<b>3,959,782</b>	<b>38,677,418</b>	<b>30,438,377</b>	<b>34,676,537</b>

*National Housing Finance  
And Investments Limited*

	2014 Taka	2013 Taka
<b>10.00 Other Assets</b>		
<b>Non-income Generating Other Assets:</b>		
Advance against fixed assets	592,000	579,000
Security deposits	754,460	754,460
Advance income tax (note: 10.01)	110,141,952	113,654,837
Advance against branch office	16,485	7,061
Advance against office rent	4,432,800	684,000
Prepayment charge receivable	-	-
Other receivables (note: 10.02)	98,613,000	117,846,066
	<b>214,550,697</b>	<b>233,525,425</b>
Note - Figure in 2013 has been restated due to changes in presentation.		
<b>10.01 Advance Income Tax</b>		
Balance as at 1st January	<b>113,654,837</b>	<b>163,608,842</b>
<b>Add:</b> Advance tax for the year:		
Tax paid during the year	69,301,491	30,354,658
Tax deducted at source	10,674,303	10,272,176
<b>Less:</b> Adjusted against provision for the year 2011	(83,488,679)	(90,580,839)
	<b>(3,512,885)</b>	<b>(49,954,004)</b>
<b>Balance as at 31st December</b>	<b>110,141,952</b>	<b>113,654,837</b>
<b>10.02 Other Receivables</b>		
Interest Receivables	68,776,143	66,019,738
Cheque dishonored charges	1,159,107	1,336,042
Accounts receivable	5,234,142	13,432,242
Interest on bank deposits	12,326,202	29,236,185
Receivable from Multi Securities	8,570	9,070
Receivable from ETBL Securities	478,189	9,283
Receivable from UFT Co. Ltd.	2,562,659	319,968
Stamp & Security Paper	125,478	149,778
Legal charges receivable	7,619,089	6,869,383
Others	323,422	464,378
	<b>98,613,000</b>	<b>117,846,066</b>
<b>11.00 Non-banking assets</b>		

***National Housing Finance  
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	2014 Taka	2013 Taka
<b>12.00 Borrowing from banks, other financial institutions and agents</b>		
<b>Secured</b>		
<b>In Bangladesh:</b>		
<b>Secured Overdraft</b>		
Banking companies:		
Midland Bank Limited	1,002	730,158
Mercantile Bank Limited	19,609,086	-
Prime Bank Limited	25,620	197,174
Pubali Bank Limited	20,962,024	-
United Commercial Bank Limited	44,177	185,477
	<b>40,641,909</b>	<b>1,112,810</b>
Non-banking financial institution	-	-
	<b>40,641,909</b>	<b>1,112,810</b>
<b>Outside Bangladesh</b>	-	-
<b>Sub-total:</b>	<b>40,641,909</b>	<b>1,112,810</b>
<b>Term Loan :</b>		
Banking companies:		
Bank Al-Falah Limited	-	38,203,553
Prime Bank Limited	-	50,703,283
Pubali Bank Limited	67,193,982	150,677,413
	<b>67,193,982</b>	<b>239,584,250</b>
Non-banking financial institution	-	-
	<b>67,193,982</b>	<b>239,584,250</b>
<b>Outside Bangladesh</b>	-	-
<b>Sub-total:</b>	<b>67,193,982</b>	<b>239,584,250</b>
<b>Bangladesh Bank Loan:</b>		
SME loan	508,450,027	337,574,380
HML Refinance Scheme	350,919,185	379,113,299
<b>Sub-total:</b>	<b>859,369,212</b>	<b>716,687,678</b>
<b>Un-secured</b>		
<b>Money at call and on short notice:</b>		
Banking companies:		
South East Bank Limited	-	50,000,000
	-	<b>50,000,000</b>
Non-banking financial institution	-	-
	-	<b>50,000,000</b>
<b>Outside Bangladesh</b>	-	-
<b>Sub-total:</b>	<b>-</b>	<b>50,000,000</b>
<b>Total:</b>	<b>967,205,103</b>	<b>1,007,384,738</b>
<b>12.01 Remaining Maturity Grouping of Borrowing</b>		
Payable on demand	-	50,000,000
Up to 1 (one) month	12,885,363	15,578,248
Over 1 (one) month to 3 (three) months	41,525,911	30,910,014
Over 3 (three) months to 1 (one) year	166,513,728	166,081,487
Over 1 (one) year to 5 (five) years	627,394,726	603,264,929
More than 5 (five) years	118,885,375	141,550,060
	<b>967,205,103</b>	<b>1,007,384,738</b>
<b>13.00 Deposits and other accounts</b>		
Term deposits	3,791,067,944	3,252,304,922
Other deposits (note: 13.02)	35,361,043	36,361,782
	<b>3,826,428,987</b>	<b>3,288,666,704</b>

Note - Figure in 2013 has been restated due to changes in presentation.



**National Housing Finance  
And Investments Limited**

		2014 Taka	2013 Taka
<b>13.01</b>	<b>Remaining Maturity Grouping of Deposits and Other Accounts</b>		
	Payable on demand	-	-
	Within 1 (one) month	342,306,237	200,000,000
	Over 1 (one) month to 6 (six) months	719,068,820	1,633,689,382
	Over 6 (six) months to 1 (one) year	908,782,267	772,151,810
	Over 1 (one) year to 5 (five) years	1,837,129,221	682,825,512
	Over 5 (five) years to 10 (ten) years	19,142,442	-
	More than 10 (ten) years	-	-
		<b>3,826,428,987</b>	<b>3,288,666,704</b>
<b>13.02</b>	<b>Other Deposits</b>		
	Home mortgage loan deposit	1,677,380	1,931,019
	Margin deposit	2,792,840	2,914,690
	Refundable share money deposit	6,210,394	6,230,394
	Lease deposit	24,680,429	25,285,679
		<b>35,361,043</b>	<b>36,361,782</b>
<b>14.00</b>	<b>Other liabilities</b>		
	Provision for loans, advances, investment and others (note: 14.01 to 14.04)	99,577,571	118,762,502
	Interest suspense (note: 14.05)	76,805,687	82,057,919
	Provision for gratuity (note: 14.06)	2,379,490	1,846,405
	Withholding tax payable	195,724	10,770
	VAT & Excise duty payable	49,117	1,555,897
	Provision for current tax (note: 14.07)	209,076,043	164,955,760
	Provision for deferred tax (note: 14.08)	260,262	69,027
	Interest payable	156,983,584	161,664,894
	Accrued expenses (note: 14.10)	357,341	357,341
	Unclaimed dividend	8,202,959	1,892,341
	Accounts Payable	3,976,694	-
	Provision for Loss on Assets	-	500,000
	Sundry deposit	1,796,138	122,869
	Sundry liabilities	1,133,378	10,586,745
		<b>560,793,987</b>	<b>544,387,469</b>
<b>14.01</b>	<b>Specific Provision on Loans, Advances</b>		
	Balance as at 1st January	69,733,779	126,754,935
	<b>Less:</b> Fully Provided debt written off	(30,409,811)	(105,096,101)
	<b>Provision after written off</b>	39,323,968	21,658,834
	<b>Add:</b> Provision made during the year	85,560,326	146,187,507
	<b>Less:</b> Provision recovered	(84,640,644)	(98,112,562)
	<b>Add:</b> Recoveries of amounts previously written off	-	-
	<b>Less:</b> Written off of provision no longer required	-	-
	<b>Net charge in the profit &amp; loss account</b>	919,682	48,074,945
	<b>Provisions held at 31st December</b>	<b>40,243,650</b>	<b>69,733,779</b>
<b>14.02</b>	<b>General Provision on Loans, Advances and Leases</b>		
	Balance as at 1st January	41,878,063	37,248,784
	<b>Add:</b> Provision made during the year	89,372,097	20,971,871
	<b>Less:</b> Provision recovered	(80,202,641)	(16,342,592)
	<b>Net charge in the profit &amp; loss account</b>	9,169,456	4,629,279
	<b>Balance as at 31st December</b>	<b>51,047,519</b>	<b>41,878,063</b>
<b>14.03</b>	<b>Provision on investments in share</b>		
	Balance as at 1st January	4,484,471	126,480
	<b>Add:</b> Provision made during the year	-	4,357,991
	<b>Less:</b> Provision recovered	(2,786,074)	-
	<b>Net charge in the profit &amp; loss account</b>	(2,786,074)	4,357,991
	<b>Balance as at 31st December</b>	<b>1,698,397</b>	<b>4,484,471</b>

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	2014 Taka	2013 Taka
<b>14.04 Provision on others</b>		
Balance as at 1st January	2,671,189	-
<b>Add:</b> Provision made during the year	4,071,116	2,671,189
<b>Less:</b> Provision recovered	(154,300)	-
<b>Net charge in the profit &amp; loss account</b>	<b>3,916,816</b>	<b>2,671,189</b>
<b>Provisions held at 31st December</b>	<b>6,588,005</b>	<b>2,671,189</b>
<b>14.05 Interest Suspense Account</b>		
Balance as at 1st January	82,057,919	104,257,063
<b>Add:</b> Interest suspense charged during the year	106,124,360	92,239,530
<b>Less:</b> Interest suspense realized during the year	(104,742,553)	(94,747,898)
<b>Net charge in the profit &amp; loss account</b>	<b>1,381,807</b>	<b>(2,508,368)</b>
	<b>83,439,726</b>	<b>101,748,695</b>
<b>Less:</b> Interest written off	(6,634,039)	(19,690,776)
<b>Balance as at 31st December</b>	<b>76,805,687</b>	<b>82,057,919</b>

**Write-off of Loans/Leases**

As per Bangladesh Bank guidelines, Bank a financial institution should write-off its loans/leases to National Housing Finance and Investments clean up its financial statements subject to fulfillment of the Limited has written-off its loans/leases as following criteria: under:

**(Figures in BDT)**

Balance at 1st January	209,656,775	85,510,318
Net loans/leases written-off during the year	37,043,850	124,786,877
No. of agreements written-off	5	4
No. of clients written-off	5	4
Interest suspense against written-off loans/leases	(6,634,039)	(19,690,776)
Provision adjusted against written-off loans/leases	(30,409,811)	(105,096,101)
Recovery of loans/leases write-off loans/leases	-	640,420
<b>Balance of loans/leases written-off at 31st December 2014</b>	<b>246,700,625</b>	<b>209,656,775</b>

<b>14.06 Provision for Gratuity</b>		
Balance as at 1st January	1,846,405	1,626,085
<b>Add:</b> Provision made during the year	2,379,490	1,846,405
<b>Less:</b> Payment made during the year	(1,846,405)	(1,626,085)
<b>Less:</b> Provision written back during the year	-	-
<b>Balance as at 31st December</b>	<b>2,379,490</b>	<b>1,846,405</b>
<b>14.07 Provision for Current Tax</b>		
Balance as on 1st January	164,955,760	188,780,132
<b>Add:</b> Provision made during the year	125,158,953	66,445,571
<b>Less:</b> Excess provision for the year written back	-	-
<b>Add:</b> Short provision	2,450,009	303,191
<b>Less:</b> Adjustment of advance tax	(83,488,679)	(90,573,134)
<b>Balance as at 31st December</b>	<b>209,076,043</b>	<b>164,955,760</b>
<b>14.08 Provision for Deferred Tax</b>		
Balance as at 1st January	69,027	367,567
<b>Add:</b> Provision for deferred tax	191,235	(298,540)
<b>Balance as at 31st December</b>	<b>260,262</b>	<b>69,027</b>
<b>14.09 Provision for taxation Net Charge for in the Profit &amp; Loss Account</b>		
Current tax (note: 14.07)	127,608,962	66,748,762
<b>Add:</b> Deferred tax (note: 14.08)	191,235	(298,540)
	<b>127,800,197</b>	<b>66,450,222</b>

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 42.50% on taxable income.



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		2014 Amount in Taka	2013 Amount in Taka
<b>14.10</b>	<b>Accrued Expenses</b>		
	Promotion and publicity	-	-
	Audit fees	172,500	172,500
	Sundry creditors	184,841	184,841
		<b>357,341</b>	<b>357,341</b>
<b>15.00</b>	<b>Share Capital</b>		
<b>15.01</b>	<b>Authorized Capital:</b>		
	200,000,000 ordinary shares of Tk.10 each	2,000,000,000	2,000,000,000
<b>15.02</b>	<b>Issued, Subscribed and fully Paid-up Capital:</b>		
	106,392,000 ordinary shares of Tk.10 each	<b>1,063,920,000</b>	<b>1,063,920,000</b>
	% of holding:	<b>% of holding</b>	<b>% of holding</b>
	Sponsors	87.05%	87.39%
	General public	12.95%	12.61%
		<b>100.00%</b>	<b>100.00%</b>
	<b>Number of holding:</b>		
	Sponsors	92,614,399	92,779,949
	General public	13,777,601	13,612,051
		<b>106,392,000</b>	<b>106,392,000</b>
<b>15.03</b>	<b>Classification of shareholders by holding as required by Regulation 37 of the Listing Regulations of Dhaka Stock Exchange Limited:</b>		
	<b>Number of shares</b>	<b>No of shareholders</b>	<b>No of shares</b>
	Less than 500	3918	304,514
	501 to 5,000	1594	2,740,301
	5,001 to 10,000	189	1,411,497
	10,001 to 20,000	97	1,446,617
	20,001 to 30,000	20	511,066
	30,001 to 40,000	15	519,265
	40,001 to 50,000	8	374,161
	50,001 to 100,000	17	1,235,137
	100,001 to 1,000,000	30	10,116,982
	Above 1,000,000	18	87,732,460
	<b>Total:</b>	<b>5906</b>	<b>106,392,000</b>
			<b>100.00%</b>
	The shares of the Company are listed with Dhaka Stock Exchange Ltd. & Chittagong Stock Exchange Ltd.		
<b>15.04</b>	<b>Capital Requirement</b>		
	As per 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 bellow:		
	Core capital (paid-up capital, retained earnings & statutory reserve etc.)	1,502,685,087	1,426,077,332
	Less: Required minimum capital	(1,000,000,000)	(1,000,000,000)
	<b>Surplus over minimum required capital</b>	<b>502,685,087</b>	<b>426,077,332</b>
	Core capital (paid-up capital, retained earnings & statutory reserve etc.)	1,502,685,087	1,426,077,332
	Add: Provision on good loan/leases	51,047,519	37,248,784
	<b>Total capital</b>	<b>1,553,732,606</b>	<b>1,463,326,116</b>
	Less: Required minimum capital	(1,000,000,000)	(1,000,000,000)
		<b>553,732,606</b>	<b>463,326,116</b>
<b>15.05</b>	<b>Capital Adequacy Ratio-As per BASEL-II</b>		
	<b>1. Tier-1 (Core Capital)</b>		
	1.1 Fully Paid-up Capital/Capital Deposited with BB	1,063,920,000	1,063,920,000
	1.2 Statutory Reserve	265,409,106	223,489,587
	1.3 Non-repayable share premium account	-	-
	1.4 General Reserve	-	-



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	2014 Taka	2013 Taka
1.5 Retained Earnings	173,355,981	138,667,746
1.6 Minority interest in Subsidiaries	-	-
1.7 Non-Cumulative irredeemable Preferences shares	-	-
1.8 Dividend Equalization Account	-	-
1.9 Others (if any item approved by Bangladesh Bank)	-	-
<b>1.10 'Sub-Total (1.1 to 1.9)</b>	<b>1,502,685,087</b>	<b>1,426,077,332</b>
<b>Deductions from Tier-1 (Core Capital)</b>		
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)	-	-
<b>1.20 Total Eligible Tire-1 Capital (1.10-1.19)</b>	<b>1,502,685,087</b>	<b>1,426,077,332</b>
<b>2. Tier-2 (Supplementary Capital)</b>		
2.1 General Provision (Unclassified loans up to specified limit + SMA + off Balance Sheet exposure)	59,529,819	57,561,063
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	-	-
2.6 Other (if any item approved by Bangladesh Bank)	-	-
2.7 Sub-Total (2.1 to 2.6)	59,529,819	57,561,063
2.8 Applicable Deductions if any	-	-
<b>2.9 Total Eligible Tire-2 Capital (2.7-2.8)</b>	<b>59,529,819</b>	<b>57,561,063</b>
<b>Total Capital</b>	<b>1,562,214,906</b>	<b>1,483,638,396</b>
Total risk weighted assets	5,446,118,940	5,008,361,551
Required minimum capital 10% of RWA or Tk. 100.00 crore, which is higher.	1,000,000,000	1,000,000,000
Surplus	562,214,906	483,638,396
Capital Adequacy Ratio	28.79%	29.63%
<b>16.00 STATUTORY RESERVE</b>		
Balance as at 1st January	223,489,587	189,995,175
Reserve made during the year	41,919,519	33,494,411
Balance as at 31st December	<b>265,409,106</b>	<b>223,489,587</b>
Statutory reserve has been created at the rate of 20.00% of the net profit of Tk.209,597,597 as per Bangladesh Bank's guidelines.		
<b>17.00 Retained earnings</b>		
Balance as at 1st January	138,667,746	39,010,101
<b>Add:</b> Net profit after tax for the year	<b>209,597,597</b>	<b>167,472,057</b>
	<b>348,265,343</b>	<b>206,482,157</b>
<b>Less:</b> Allocations:		
Transferred to statutory reserve	(41,919,519)	(33,494,411)
Issue of Bonus Share	-	(34,320,000)
Dividend	(132,989,843)	-
	<b>(174,909,362)</b>	<b>(67,814,411)</b>
Balance as at 31st December	<b>173,355,981</b>	<b>138,667,746</b>

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	2014 Taka	2013 Taka
<b>18.00 Income statement</b>		
<b>Income:</b>		
Interest, discount and other similar income (note: 19.00)	881,347,732	877,338,237
Dividend income (note: 21.00)	918,000	400,300
Fees, commission & brokerage (note: 22.00)	151,200	122,650
Gains less losses arising from investment in securities (note: 21.00)	(1,080,337)	154,632
Other operating income (note: 23.00)	23,798,410	14,924,126
	<b>905,135,006</b>	<b>892,939,945</b>
<b>Expenses:</b>		
Interest on borrowing, fees and commission (note: 20.00)	469,130,009	524,724,133
Losses on loan, advances and leases (note: 31.00)	10,089,138	52,704,224
Administrative expenses	74,493,759	59,647,381
Other operating expenses (note: 30.00)	8,403,853	9,516,760
Depreciation on banking assets (note: 29.00)	4,489,710	5,395,988
	<b>566,606,470</b>	<b>651,988,486</b>
	<b>338,528,536</b>	<b>240,951,459</b>
<b>19.00 Interest income</b>		
<b>Interest on mortgage loan:</b>		
Home mortgage loan	417,468,367	373,481,829
Commercial mortgage loan	16,397,988	19,807,526
Project mortgage loan	74,186,953	50,490,034
	<b>508,053,308</b>	<b>443,779,389</b>
<b>Add:</b> Interest suspense recovery	5,498,632	3,650,484
	<b>513,551,940</b>	<b>447,429,873</b>
<b>Interest on lease finance:</b>		
Industrial equipment	48,300,197	67,544,009
Vehicles	32,660,393	37,549,826
Delinquent interest	10,428,284	8,149,101
	<b>91,388,874</b>	<b>113,242,936</b>
<b>Less:</b> Interest suspense	(6,880,439)	(1,142,116)
	<b>84,508,435</b>	<b>112,100,820</b>
Interest on term finance	191,795,647	190,601,262
Interest on fixed deposits	84,540,950	117,452,365
Interest on short term deposit	2,560,922	5,846,020
Interest on loan against FDR	2,190,143	1,915,133
Interest on staff loan	2,199,696	1,992,764
	<b>881,347,732</b>	<b>877,338,237</b>
<b>20.00 Interest paid on deposits, borrowings etc.</b>		
Call money interest	3,250,569	4,283,125
Secured overdraft interest	2,862,852	7,745,260
Term deposit interest	68,808,750	102,792,088
Term loan interest	18,255,942	65,261,151
Customer deposit interest - Term Deposit	282,920,383	267,987,803
Customer deposit interest - Income Account	29,656,526	19,868,759
Customer deposit interest - Double Money Account	24,190,251	22,039,414
Customer deposit interest - Triple Money Account	57,435	397,365
Customer deposit interest - MSS	381,417	488,605
Customer deposit interest - MLNR	1,449,671	1,161,980
HML refinance interest	18,485,601	19,914,929
SME loan interest	18,810,612	12,783,654
	<b>469,130,009</b>	<b>524,724,133</b>
<b>21.00 Investment Income</b>		
Dividend on ordinary shares	918,000	400,300
Dividend on preference shares	-	-
Gain on sale of shares	7,510,525	154,632
Loss on sale of shares	(8,590,861)	-
	<b>(162,337)</b>	<b>554,932</b>
<b>22.00 Commission, exchange and brokerage</b>		
Fees	151,200	122,650
Brokerage	-	-
	<b>151,200</b>	<b>122,650</b>



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	2014 Taka	2013 Taka
<b>23.00 Other operating income</b>		
Income from write-off	-	640,420
Application, processing and documentation fees	21,881,143	13,324,065
Delinquent charge-MSS,MLNR etc.	4,713	4,623
Interest on call Money lending	743,375	144,792
Profit on sale of fixed Assets	-	146,084
Documentation charges	18,250	34,250
Other income	1,150,929	629,892
	<b>23,798,410</b>	<b>14,924,126</b>
<b>24.00 Administrative expenses</b>		
<b>24.01 Directors' fees and expenses</b>		
This represents fees paid for attending board meetings and other committee meetings @ Tk.5,000/- per attendance per person.	890,000	917,000
	<b>890,000</b>	<b>917,000</b>
<b>24.02 Salaries and allowances</b>		
Salary & allowances (note: 24.02.01)	41,894,859	32,545,357
Provident fund contribution	1,971,675	1,690,086
Gratuity	2,616,340	1,846,405
Bonus	7,662,808	2,932,808
	<b>54,145,682</b>	<b>39,014,656</b>
<b>24.02.01</b> This includes managerial remuneration of Taka 357.32 million and balance amount Taka 184.14 million is on account of staff salary, bonus and other allowances. The number of employees including contract based employees were 101 and 89 for the year 2014 & 2013 respectively.		
<b>24.03 Rent, taxes, insurance, electricity etc.</b>		
Office occupancy cost	3,389,495	2,490,744
Taxes	54,299	92,099
Electricity	1,341,185	1,125,025
Utilities	1,317,580	2,016,901
Insurance (note: 24.03.01)	454,804	307,821
	<b>6,557,363</b>	<b>6,032,590</b>
<b>24.03.01</b> Taka 111,808 being premium paid for insurance coverage against damages /loss of the Company's fixed assets by fire, earthquake etc.		
<b>24.04 Legal expenses</b>		
Legal and professional	853,154	633,750
Legal charges	33,000	107,935
Membership fees and subscription	1,694,200	2,068,840
Fees and forms	-	-
	<b>2,580,354</b>	<b>2,810,525</b>
<b>25.00 Postage, stamps, telecommunication etc.</b>		
Courier	150,653	106,485
Postage	17,766	247,048
Stamps & security paper	1,066,050	671,450
Telephone, fax & e-mail	1,153,028	849,557
	<b>2,387,497</b>	<b>1,874,540</b>
<b>26.00 Stationery, printing, advertisement etc.</b>		
Printing	1,364,671	923,240
Stationery	860,105	776,132
Promotion & publicity	2,225,587	1,366,198
	<b>4,450,363</b>	<b>3,065,570</b>
<b>27.00 Managing Director's salary and fees</b>		
Salary & allowances	2,800,000	4,800,000
Provident fund contribution	210,000	360,000
Bonus	300,000	600,000
	<b>3,310,000</b>	<b>5,760,000</b>
<b>28.00 Auditors' fees</b>	<b>172,500</b>	<b>172,500</b>



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		2014 Taka	2013 Taka
<b>29.00</b>	<b>Depreciation on and repairs to assets</b>		
	Depreciation:		
	Building	1,794,984	1,994,412
	Furniture	669,680	679,097
	Office equipment	927,776	807,289
	Motor vehicle	567,342	1,277,431
		<b>3,959,782</b>	<b>4,758,229</b>
	Repair and maintenance	529,928	637,759
		<b>4,489,710</b>	<b>5,395,988</b>
<b>30.00</b>	<b>Other expenses</b>		
	Traveling and conveyance	864,148	589,683
	Training	111,000	54,000
	Bank charges and excise duty	710,319	1,022,037
	Books and periodicals	55,383	56,307
	Office refreshments	831,302	785,729
	Motor car	3,710,914	2,675,382
	Sundries	2,113,884	1,410,887
	Software expenses	-	22,000
	Penal Interest	-	10,000
	Right share issue expenses	1,200	2,740,444
	Investment expenses share	5,703	150,291
		<b>8,403,853</b>	<b>9,516,760</b>
<b>31.00</b>	<b>Provisions for loan and advances</b>		
	For classified loans, advances and leases	919,682	48,074,945
	For unclassified loans, advances and leases	9,169,456	4,629,279
		<b>10,089,138</b>	<b>52,704,224</b>
<b>31.01</b>	<b>Provision for investments</b>		
	Made during the year	-	4,357,991
	Recovery during the year	(2,786,074)	-
		<b>(2,786,074)</b>	<b>4,357,991</b>
<b>31.02</b>	<b>Others</b>		
	Provisions for legal charges	2,967,240	2,671,189
	Provisions for cheque dishonored charges	949,576	-
		<b>3,916,816</b>	<b>2,671,189</b>
<b>32.00</b>	<b>Earnings per share</b>		
	a) Earnings attributable to the ordinary shareholders (Taka)	209,597,597	167,472,057
	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)	<b>1.97</b>	<b>1.57</b>
	Prior year Basic Earning Per Share Calculation has been revised due to calculation of weighted average number of ordinary shares. Earnings per share (EPS) has been computed by dividing the net profit after tax (NPAT) by the weighted average number of ordinary shares outstanding as on 31 December 2014 as per BAS-33 "Earnings Per Share". No diluted EPS was required to be calculated for the year since there was no scope for dilution of shares during the year.		
<b>33.00</b>	<b>Interest receipts in cash</b>		
	Interest income from loans, advances & leases	881,347,732	874,829,869
	(Increase)/decrease in interest receivable on loans, advances and leases	-	(32,636,711)
	(Increase)/decrease in other receivable	14,153,578	(24,055,135)
		<b>895,501,310</b>	<b>818,138,023</b>
<b>34.00</b>	<b>Interest payments</b>		
	Total interest expenses (note: 20.00)	469,130,009	524,724,133
	<b>Add:</b> Opening balance of interest payable	161,664,894	143,009,889
	<b>Less:</b> Closing balance of interest payable	(156,983,584)	(161,664,894)
		<b>473,811,319</b>	<b>506,069,128</b>
<b>35.00</b>	<b>Fees and commissions receipts in cash</b>		
	Fees, commission and brokerage (note: 22.00)	151,200	122,650
	<b>Add:</b> Opening balance of fees, commission and brokerage	-	-
	<b>Less:</b> Closing balance of fees, commission and brokerage	-	-
		<b>151,200</b>	<b>122,650</b>
<b>36.00</b>	<b>Cash payments to employees</b>		
	Staff salaries and allowances (note: 24.02)	54,145,682	39,014,656
	Managing Director's salaries and allowances (note: 27.00)	3,310,000	5,760,000
	<b>Add:</b> Opening balance of staff dues	-	-
	<b>Less:</b> Closing balance of staff dues	(3,976,694)	-
		<b>53,478,988</b>	<b>44,774,656</b>

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	<b>2014 Taka</b>	<b>2013 Taka</b>
<b>37.00 Cash payments to suppliers</b>		
Printing, stationery and advertisement etc. (note: 26.00)	4,450,363	3,065,570
Postage, stamps, telecommunication etc. (note: 25.00)	2,387,497	1,874,540
Repair & maintenance (note: 29.00)	529,928	637,759
<b>Add:</b> Opening balance of suppliers dues	-	-
<b>Less:</b> Closing balance of suppliers dues	-	-
	<b>7,367,788</b>	<b>5,577,869</b>
<b>38.00 Receipts from other operating activities</b>		
Other operating income (note: 23.00)	23,798,410	14,924,126
Profit on sale of share (note: 21.00)	7,510,525	154,632
Loss on sale of share (note: 21.00)	(8,590,861)	-
	<b>22,718,073</b>	<b>15,078,758</b>
<b>39.00 Payments for other operating activities</b>		
Detectors' fees	890,000	917,000
Legal expenses	2,580,354	2,810,525
Auditor's fees	172,500	172,500
Office occupancy cost	3,389,495	2,490,744
Taxes	54,299	92,099
Electricity	1,341,185	1,125,025
Utilities	1,317,580	2,016,901
Insurance	454,804	307,821
Other expenses (note: 30.00)	8,403,853	9,516,760
<b>Add:</b> Opening balance of outstanding payable	357,341	311,341
<b>Less:</b> Closing balance of outstanding payable	(357,341)	(357,341)
	<b>18,604,070</b>	<b>19,403,375</b>
<b>40.00 Increase/(Decrease) of deposits</b>		
<b>Closing balance:</b>		
Term deposits	3,791,067,944	3,252,304,922
Other deposits	35,361,043	36,361,782
	<b>3,826,428,987</b>	<b>3,288,666,704</b>
<b>Opening balance:</b>		
Term deposits	3,252,304,922	2,692,009,299
Other deposits	36,361,782	47,705,856
	<b>3,288,666,704</b>	<b>2,739,715,155</b>
	<b>537,762,283</b>	<b>548,951,549</b>
<b>41.00 Sanction and disbursement</b>		
Sanction	2,071,050,000	1,537,100,000
Disbursement	1,680,893,030	1,392,221,939
Undisbursed	<b>390,156,970</b>	<b>144,878,061</b>
<b>41.a</b>		
<b>Contingent liabilities</b>		
Government		
Directors		
Bank and other Financial Institution		
Other	<b>390,156,970</b>	<b>144,878,061</b>



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**42.00 Audit committee of the board**

2014 Taka	2013 Taka
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The audit committee was formed by the Board of Directors of National Housing Finance And Investments Limited. The members of the committee are as under:

SL No	Name	Status with the Company	Status with the Committee	Educational Qualification
01	Professor Imran Rahman	Independent Director	Chairman	MBA (IBA), BSC (Eco.) in Math. Economics UK
02	Mr. Md. Kabir Reza	Director	Member	M.Com (Acc.), FCMA
03	Mr. Azmal Hossain	Director	Member	B.Com
04	Mr. Md. Akhtar Ahmed	Director	Member	B.A (Hons), M.A.(DU), ACII (UK)
05	Syed Tanveer Hussain	Independent Director	Member	M.A. In Development Economics (USA)

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

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

**43.00 Highlights of overall activities**

Highlights of the overall activities of the Company as at and for the year ended 31 December, 2014 are furnished below:

SL #	Details	2014	2013
01	Paid-up Capital	1,063,920,000	1,063,920,000
02	Total Capital	1,502,685,087	1,426,077,332
03	Capital surplus/(deficit)	502,685,087	426,077,332
04	Total assets	6,857,113,164	6,266,516,243
05	Total deposits	3,826,428,987	3,288,666,704
06	Total loans, advances, leases & Others	5,478,012,918	4,799,346,480
07	Total contingent liabilities and commitments	393,426,801	535,035,031
08	Credit deposit ratio	143.16%	145.94%
09	% of Classified loans against total loans and advances	5.79%	6.47%
10	Profit after tax and provisions	209,597,597	167,472,057
11	Amount of classified loans during the year	316,966,000	310,592,185
12	Provisions kept against classified loans	24,587,769	55,690,465
13	Provisions surplus/(deficit)	-	-
14	Cost of fund	11.02%	12.84%
15	Interest earnings assets	6,612,124,089	5,998,314,282
16	Non-interest earnings assets	244,989,074	268,201,962
17	Return on investments (ROI)	7.61%	8.20%
18	Return on assets (ROA)	3.19%	2.85%
19	Income from investments	(162,337)	554,932
20	Weighted average earnings per share	1.97	1.79
21	Net income per share	1.97	1.57
22	Price earning ratio	14.37	18.37
23	Return on equity (ROE)	14.31%	14.30%
24	Net asset value per share (NAV)	14.12	13.40



## ***National Housing Finance And Investments Limited***

- 44.00 Company information**  
Last year's figures and account heads have been rearranged to conform current year's presentation in accordance with the Bangladesh Bank DFIM Circular # 11 dated December 23, 2009.
- 45.00 Geographical area of operation**  
Company's geographical area of operation was in Dhaka, Chittagong, Bogra and Rangpur in the year 2014.
- 46.00 Capital expenditure commitment**  
There was neither any outstanding contract nor any Board authorization for capital expenditure as at December 31, 2014.
- 47.00 Contingent liabilities**  
Contingent liabilities has been shown in the balance sheet.
- 48.00 Subsequent events-disclosure under BAS 10: "events after the balance sheet date"**  
No material event has been occurred after the Balance Sheet date, which could materially effect the value of the financial statements except the Board of Directors in its 160th Meeting held on April 02, 2015 has recommended 15.00% Cash dividend subject to the approval of the shareholders at the 16th Annual General Meeting.
- 49.00 Claims against the company not acknowledge as debt**  
There is no claim at the Balance Sheet date, which has not been acknowledged by the Company.
- 50.00 Credit facility availed**  
There was no credit facility available to the Company under any contract as on Balance Sheet date other than trade credit available in the ordinary course of business.
- 51.00 Closing price of share**  
The Company traded its ordinary shares in CDBL through DSE & CSE from 1st January 2009. The closing market price on the closing of the year was Tk.28.60 and Tk.28.00 respectively in the DSE & CSE.
- 52.00 "Worker's Profit Participation Fund" (WPPF)**  
The company did not make any provision for Worker's Profit Participation Fund (WPPF). The matter will be considered in future.
- 53.00** Previous year's figures have been rearranged where necessary to conform to current year's presentation. Figures have been rounded nearest Taka.

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**57.00 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.	Position in interested entity
Mr. Latifur Rahman Representing Bangladesh Lamps Limited	Chairman	Transcom Electronics Ltd.	Chairman
		Eskayef Bangladesh Ltd.	Chairman
		Transcom Mobile Ltd	Chairman
		Mediastar Ltd.	Chairman
		Transcom Cables Ltd.	Chairman
		Mediaworld Limited	Chairman
		Transcom Foods Ltd.	Chairman
		Transcraft Ltd.	Chairman
		Transcom beverages Ltd	Chairman
		Transcom Distribution Company Ltd.	Chairman
		Ayna Broadcasting Corporation Ltd.	Chairman
		Nestlé Bangladesh Ltd.	Chairman
		Holcim Cement (Bangladesh) Ltd.	Chairman
		Bangladesh Lamps Ltd.	Managing Director
		Transcom Consumer Products Ltd.	Managing Director
		Monipur tea Company Ltd.	Managing Director
		W. Rahman Jute Mills Ltd.	Managing Director
		M. Rahman Tea Company Ltd.	Managing Director
		Bangladesh Electrical Industries Ltd.	Managing Director
		BRAC	Member of the Governing Body
Merina Tea Co. Ltd.	Director		
Linde Bangladesh Ltd.	Director		
Mr. Mahbubur Rahman Representing Eastland Insurance Co. Limited	Director	ETBL Holdings Ltd.	Chairman
		Eastern Trading (Bangladesh) Ltd.	Chairman
		ETBL Development Construction Ltd.	Chairman
		ETBL Securities & Exchanges Ltd.	Chairman
		Progressive Investments Ltd. (successors to the National Rubber Industries)	Chairman
		Century Cold Storage Ltd	Chairman
		Eastland Insurance Co. Ltd.	Chairman
		International Publications Ltd.	Chairman

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Name of Director	Position in NHFIL	Name of the firms/companies in which interest as proprietor, partner, director, managing agent, guarantor, employee etc.	Position in interested entity
Mr. Akhtar Ahmed Representing Reliance Insurance Limited	Director	Reliance Insurance Ltd.	Advisor
Mr. Jalal Ahmed Representing IFIC Bank Limited	Director	Bangladesh Telecommunication Company Ltd. (BTCL)	Director
		Bangladesh Submarine Cable Company Ltd. (BSCCL)	Director
		Bangladesh Service Ltd.	Director
		British American Tobacco Ltd.	Director
		Industrial Promotion and Development Co. Ltd. (IPDC)	Director
Mr. Shamsul Huda Khan Representing National Bank Limited	Director	National Bank Limited	Managing Director
Mr. Morshed Alam Representing national Life Insurance Co. Limited	Director	National life Insurance Co. Ltd.	Chairman
		Bengal Plastic Industries Ltd.	Chairman
		Mercantile Bank Ltd	Chairman
		National Television	Chairman
		Designer Jeans Ltd.	Chairman
		Bengal Television Ltd.	Director
Mr. Muminul Haque Chowdhury Representing Borak Travels (Pvt.) Limited	Director	Borak Travels (Pvt.) Limited	Advisor
Mr. Azmal Hossain Representing Eastern Insurance Co. Limited	Director	Eastern Insurance Co. Ltd.	Vice Chairman
		Hashem Paper Mills Ltd.	Managing Director
Mr. Mizanur Rahman Representing Shaw wallace Bangladesh Limited	Director	Shaw Wallace Bangladesh Ltd	Director
		SW Shipping Ltd.	Director
Mr. Md. Kabir Reza FCMA Representing Square Pharmaceuticals Limited	Director	Square Pharmaceuticals Ltd.	Director (F&A)
		United Financial Trading Company Limited	Managing Director
Mr. Syed Ali Jowher Rizvi	Director	Alliance Holdings Limited (AHL)	Chairman
		Global Beverage Company Ltd	Chairman
		Oriental Oil Company Ltd	Chairman
		Alliance Knit Composite Ltd	Chairman
		Summit Alliance Port Limited	Managing Director
		PEB Steel Alliance Ltd	Managing Director
		Alliance Properties Ltd	Director
		Union Accessories Ltd	Director
		Alliance Spence Power Ltd	Director
		Fountain Garments Manufacturing Ltd	Director
		Rabab Washing Industry Ltd	Director
		Rabab Fashion Industries Ltd	Director
Professor Imran Rahman	Independent Director	University of Liberal Arts Bangladesh (ULAB)	Vice Chancellor



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

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

Name of related	Transaction	Balance at year end receivable (payable) Taka
United Commercial Bank Ltd. (Sponsor shareholder)	Over draft	(44,177.35)
National Bank Ltd. (Sponsor Director)	STD/CD account	2,371,326.79
	Fixed deposit (FDR)	5,000,000.00
National Life Insurance Co. Ltd. (Sponsor Director)	Term deposit	(92,000,000.00)
Mr. Syed Ali Jawher Rizvi (Director)	Term deposit	(5,707,785.00)
		<b>(90,380,635.56)</b>

  
**Md. Khalilur Rahman**  
 Managing Director

  
**Md. Kabir Reza**  
 Director

  
**Syed Tanveer Hussain**  
 Independent Director

  
**Latifur Rahman**  
 Chairman

## Occasions and Events



**15th Annual General Meeting is in Progress**



**Inauguration of Rangpur Branch**



**Annual Business Performance Award**





**Participation of  
Various Fair**



**MoU Signing  
with the Developers**







**Branch Managers  
Conference**

**Workshop on Anti  
Money Laundering**



**Workshop on Green  
Banking Practice**



**Workshop on  
National  
Integrity Strategy**

