



# ANNUAL REPORT 2022

**Corporate Head Office:**

Concord Baksh Tower (7th floor), Plot: 11-A  
Road No. - 48, Block- CWN (A), Gulshan-2, Dhaka- 1212

Tel : +88 09609 200555  
E-mail : [info@nationalhousingbd.com](mailto:info@nationalhousingbd.com)  
Web : [www.nationalhousingbd.com](http://www.nationalhousingbd.com)



**National Housing**  
Finance and Investments Limited

## LETTER OF TRANSMITTAL

April 17, 2023

To

**The Shareholders**

Bangladesh Bank

Bangladesh Securities and Exchange Commission

Registrar of Joint Stock Companies & Firms

Dhaka Stock Exchange Limited

Chittagong Stock Exchange PLC

**Subject: Annual Report for the year ended December 31, 2022**

Dear Sir/Madam,

We are pleased to enclose herewith a copy of the Annual Report 2022 of National Housing Finance and Investments Limited containing Directors' Report and Auditor's Report along with the Audited Financial Statements for the year ended December 31, 2022 for your kind information and record.

Thanking you.

Sincerely Yours,



**(Md. Sarwar Kamal FCS)**  
Company Secretary

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Finance and Investments Limited

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## NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED

Registered Office: National Plaza (7<sup>th</sup> Floor) 109, Bir Uttam C.R. Datta Road, Dhaka-1205

### Notice of the 24<sup>th</sup> Annual General Meeting (Virtually)

Notice is hereby given that the 24<sup>th</sup> Annual General Meeting (AGM) of National Housing Finance and Investments Limited will be held on June 11, 2023 at 12:00 PM (Bangladesh Standard Time) virtually by using digital platform through the following link: <https://nhfil24agm.digitalagmbd.net> to transact the following businesses:

#### Agenda :

##### Ordinary Business:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended December 31, 2022 together with Auditors' Reports thereon and the Directors' Report.
2. To declare Dividend for the year ended December 31, 2022.
3. To elect/re-elect Directors in accordance with the relevant provisions of the Articles of Association of the Company and to confirm re-appointment of one Independent Director.
4. (a) To appoint Statutory Auditors for the year 2023 and fix their remuneration.  
(b) To re-appoint Corporate Governance Auditors for the year 2023.

##### Special Business:

5. To consider change of Name of the Company and, if thought fit, to pass the following Resolution as Special Resolution :

#### **"RESOLVED THAT**

The name of the Company shall be "**National Housing Finance PLC**" changed from "National Housing Finance and Investments Limited".

Accordingly, necessary changes shall be incorporated in the Memorandum of Association and also in the Articles of Association of the Company, specifically-

- (i) the existing Name Clause (i.e. Clause No. I) of the Memorandum of Association of the Company shall be replaced with the following Name Clause :
    - I. The name of the Company is "NATIONAL HOUSING FINANCE PLC"
  - (ii) The Definition of or the Interpretation for the Terms "Company" or "This Company" under Article 2 of the Articles of Association of the Company shall be replaced with the following description :

"Company" or "This Company" means NATIONAL HOUSING FINANCE PLC."
6. To consider the matter of initiating and operating business of non-banking financial institution based on the Islami Shariah Principles solely or in addition to its traditional business of the Company and insertion of the provisions therefor in the Memorandum of Association and also in the Articles of Association and, if thought fit, to pass the following Resolution as Special Resolution :

#### **"RESOLVED THAT**

The Company shall, subject to necessary permission from regulatory authorities and upon observing necessary formalities, initiate and operate business of non-banking financial institution based on the Islami Shariah Principles, solely or in addition to its traditional business.

Accordingly,

    - (i) A New Object shall be inserted under the Objects Clause (i.e. Clause No. III) of the Memorandum of Association of the Company as stated below :

"52. To carry on the business of non-banking financial institution based on the Islami Shariah Principle, solely or in addition to the traditional business, in all or selected branches or through separate windows of existing branches and to transact, undertake and conduct all necessary activities and to make all arrangements for operating business on Islami Shariah Principles."
    - (ii) A New Article shall be inserted after Article 135 of the Articles of Association of the Company under New Chapter Title "INDEPENDENT SHARIAH SUPERVISORY COMMITTEE" as stated below :

135A. The Board of Directors may constitute, and reconstitute from time to time, an Independent Shariah Supervisory Committee comprising members specialized in Islamic Jurisprudence, Islamic Law and/or Islamic Banking and may determine the terms of reference/ bye-laws for such Shariah Supervisory Committee. The Shariah Supervisory

Committee will look after whether necessary Islami Shariah Principles are being followed at the time of carrying on the Islami Shariah based business. The Committee will also provide necessary certificate to Bangladesh Bank and other authorities, if necessary, regarding the position and status of Islami Shariah based business of the Institution."

7. To consider making amendment in the Articles of Association of the Company for incorporating recent amendment in the Companies Act 1994 with respect to Notice Period for Annual General Meetings and, if thought fit, to pass the following Resolution as Special Resolution :

#### **"RESOLVED THAT**

In order to incorporate the recent amendment in the Companies Act 1994 with respect to Notice Period for Annual General Meetings,

The words, number and brackets "Fourteen (14) days" in the existing Article 76 of the Articles of Association of the Company shall be replaced with the words, number and brackets "21 (Twenty-One) days".

8. To consider making amendment in the Articles of Association of the Company for insertion of provisions to facilitate holding online meetings or holding meetings through digital platform and, if thought fit, to pass the following Resolution as Special Resolution :

#### **"RESOLVED THAT**

In order to facilitate holding online meetings or holding meetings through digital platform, necessary amendments shall be incorporated in the Articles of Association of the Company, specifically-

(i) A New Article shall be inserted after Article 74 of the Articles of Association of the Company as stated below :

74A. A General Meeting (an AGM or an EGM) may be held physically or virtually using Online/Digital Platform or through hybrid system (with a combination of physical and online attendance) as the Directors may think fit.

(ii) A New Article shall be inserted after Article 130 of the Articles of Association of the Company as stated below :

130A. A Meeting of Directors (whether a Meeting of AGM or a Meeting of any Board Committee) may be held physically or virtually using Online/Digital Platform or through hybrid system (with a combination of physical and online attendance) as the Directors may think fit."

9. To consider making amendment in the Articles of Association of the Company for changing the quorum for holding Board Meetings and, if thought fit, to pass the following Resolution as Special Resolution :

#### **"RESOLVED THAT**

In order to facilitate convenience in holding Meetings of the Board with respect to Quorum, the word, number and brackets "seven (7)" in Existing Article 128 of the Articles of Association of the Company shall be replaced with the word, number and brackets "5 (five)".

10. To consider making amendment in the Articles of Association of the Company for incorporating the provision of alternative means of dividend distribution and, if thought fit, to pass the following Resolution as Special Resolution :

#### **"RESOLVED THAT**

In order to incorporate alternative means of dividend distribution, Existing Article 142 of the Articles of Association of the Company shall be replaced with the following Article :

142. Unless otherwise directed, any dividend may be paid by cheque or dividend warrant sent through the post to the registered address or through BEFTN, MFS and any other payment mode approved by Bangladesh Bank and other regulators, to the member or person entitled or in case of joint holders to that one of them first named in the Register of Members in respect of the joint holding. Every such dividend shall be made payable to order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or dividend warrant lost in transmission or for any dividend lost to the member or person entitled thereto by the forged endorsement of any cheque or dividend warrant or the fraudulent or improper recovery thereof by any other means. The Company shall also not be liable or responsible for any account information error in case of BEFTN, MFS and any other payment mode."

11. To consider making amendment in the Articles of Association of the Company for inserting new provision in order to incorporate recent amendment in the Companies Act 1994 with respect to appointment of liquidator and, if thought fit, to pass the following Resolution as Special Resolution :

#### **"RESOLVED THAT**

A New Paragraph shall be inserted after Paragraph (b) under Article 168 of the Articles of Association of the Company as stated below :

## CORPORATE INFORMATION

(c) Creditors may object to the appointment of a liquidator appointed by court at their first meeting after the commencement of winding-up proceedings of the company.”

12. To consider adoption of an Amended Version of the Memorandum and Articles of Association of the Company incorporating all the amendments approved in this meeting and, if thought fit, to pass the following Resolution as Special Resolution :

**“RESOLVED THAT**

An Amended Version of the Memorandum and Articles of Association of the Company incorporating all the amendments approved in this meeting shall be submitted to the regulatory authorities for obtaining necessary permission, approval and record; the Company Secretary and the Managing Director are jointly authorized to do the needful in this regard.”

All the Members / Shareholders of the Company are requested to attend the meeting.

By order of the Board



(Md. Sarwar Kamal FCS)  
Company Secretary

Dated: April 17, 2023

**Notes:**

- (i) Record Date is May 15, 2023. Members, whose names appeared on the Depository/Members Register as on “Record Date” i.e. May 15, 2023 are eligible to attend and vote at the AGM and also receive cash dividend, if any.
- (ii) The Members will be able to submit their questions/comments and vote electronically 72 hours before commencement of the AGM and during the AGM. For logging in to the system, the Members need to put their 16-digit Beneficial Owner (BO) ID number and other credential as proof of their identity by visiting the link <https://nhfil24agm.digitalagmbd.net>
- (iii) We encourage the Members to log in to the system prior to the meeting start time of 12.00 PM (Dhaka time) on 11<sup>th</sup> June, 2023. Please allow ample time to login and establish your connectivity. The webcast will start at 12:00 PM (Dhaka Time). Please contact 01911874308 for any technical difficulties in accessing the virtual meeting.
- (iv) A shareholder may, as per Article 98 of the Articles of Association of the Company, appoint Proxy to attend on a pool and to vote instead of him/her. The instrument for appointing a proxy and the Power of Attorney, where applicable, must be sent through email to the Registered Office at [share@nationalhousingbd.com](mailto:share@nationalhousingbd.com) at least 72 hours before the time of holding the meeting. The Proxy Form must be affixed with stamp(s) of Tk. 100.00.
- (v) Members are requested to notify e-mail address, through their respective Depository Participants well in time.
- (vi) The members whose BO Accounts are not furnished with 12 digits e-TIN number before the Record Date, 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.
- (vii) Pursuant to the clause 9(1) of the BSEC notification No. BSEC/CMRRCD/2006-158/208/Admin/81 dated 20<sup>th</sup> June, 2018, soft copy of Annual Report 2022 will be sent through e-mail as per registered e-mail ID received from CDBL. The soft copy of the Annual Report 2022 will also be available on the company's website at: [www.nationalhousingbd.com](http://www.nationalhousingbd.com).



## CORPORATE INFORMATION & KEY MILESTONES

Registered Name	: National Housing Finance and Investments Limited
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 1,170.31 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 Chattogram Branch	: April 06, 2004
Opening of Gulshan Branch	: June 01, 2004

### Date of Listing:-

Chittagong Stock Exchange	: November 11, 2008
Dhaka Stock Exchange	: December 23, 2008
Opening of Bogura Branch	: April 19, 2009
Opening of Rangpur Branch	: October 16, 2014
Opening of Principal Branch	: March 22, 2016
Opening of Gazipur Branch	: December 01, 2018
Opening of Feni Branch	: December 21, 2019
Opening of Rajshahi Branch	: December 28, 2019
Opening of Khulna Branch	: October 06, 2022

### Corporate Head Office:

Concord Baksh Tower (7<sup>th</sup> Floor), Plot: 11-A, Road: 48, Block: CWN(A), Gulshan-2, Dhaka-1212, Tel: +88 09609200555, Fax: +88 02 58811652, Web: www.nationalhousingbd.com, E-mail: info@nationalhousingbd.com

### Registered Office:

National Plaza (7<sup>th</sup> Floor), 109, Bir Uttam C.R Datta Road (Ex-Sanargaon Road), Dhaka-1205  
Tel: +88 02 9670612-4, 9677181-2, 9669800 Fax: +88 02 9671016  
Web: www.nationalhousingbd.com  
E-mail: info@nationalhousingbd.com

### Auditors:

M/S Islam Aftab Kamrul & Co.  
Chartered Accountants  
"Z-Tower" (5<sup>th</sup> Floor), Plot # 4, Road # 132,  
54, Gulshan Avenue, Gulshan-1, Dhaka- 1212, Bangladesh

### Corporate Governance Auditor

M/S Jasmin & Associates  
Chartered Secretaries & Corporate Affairs Consultants  
Noakhali Tower (10<sup>th</sup> Floor, 11-F), 55/B Purana Paltan, Dhaka-1000

### Legal Advisor:

Barrister Masudur Rahman (Masudur Rahman & Associates)  
Barrister Monzur Alam Khan (Legal Professional)  
Barrister Nuruzzaman (Capital Law Chamber)  
Advocate Abdul Quddus (Law and Remedy)

### Membership:

Bangladesh Leasing & Finance Companies Association (BLFCA)  
Metropolitan Chamber of Commerce & Industry (MCCI)  
International Chamber of Commerce- Bangladesh (ICC- Bangladesh)  
Bangladesh Association of Publicly Listed Companies (BAPLC)



### OUR VISION

To be a role-model financial institution with corporate social responsibility contributing to social growth through maintaining the highest standard of business ethics. In doing so, company would add value to the wealth of the society



### OUR GOAL

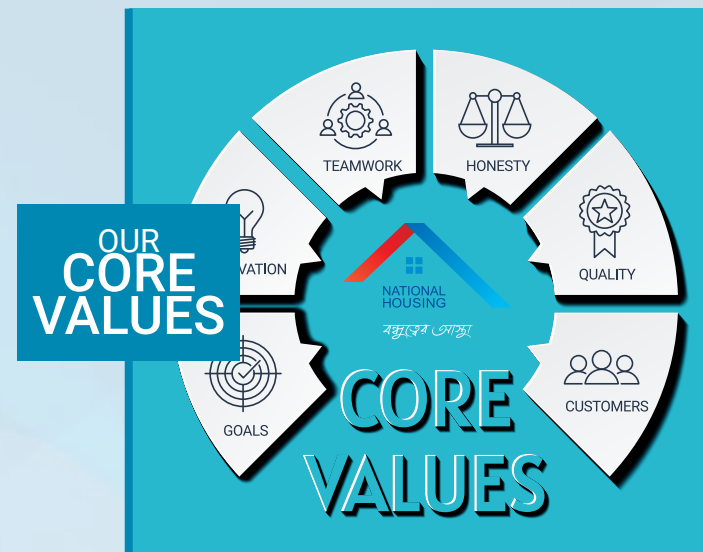
To build up excellent client relationship and long-term value to the shareholders.



### OUR MISSION

- To be equal Housing Lender to all, irrespective of cast, creed and sex.
- To offer quickest service to the satisfaction of customer with the latest technology.
- To create innovative products to cater to the market needs at competitive price.
- To form a high quality team of satisfied and motivated employees.
- To ensure a steady return on shareholders' equity.

- 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.



- Maximize shareholders' value through development of stringent investment strategy and control procedures.
- Create balanced portfolio in Potential sectors for enhancement of corporate strength.
- Provide diversified products and uninterrupted services to the valued clients.
- Pursue ways to reduce cost and apply extremely vigilant terms monitor to risks and to operate most efficiently.
- Maintain highest standards of transparency and strengthen good corporate governance practices.



## CORPORATE SOCIAL RESPONSIBILITY

The business and economic environments have undergone dramatic changes all over the world. Escalations 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 CSR in the following ways:

- National Housing Finance has provided 8,447 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 reschedule 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.

## 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 resolving conflict of 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.



# PRODUCTS & SERVICES



## Home Mortgage Loan

- Purchase of apartment or house
- Self construction of own house
- Group home loan
- NRB home financing scheme
- 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, equipments, generators, power plants etc.
- Car purchase
- Medical/Hospital equipments

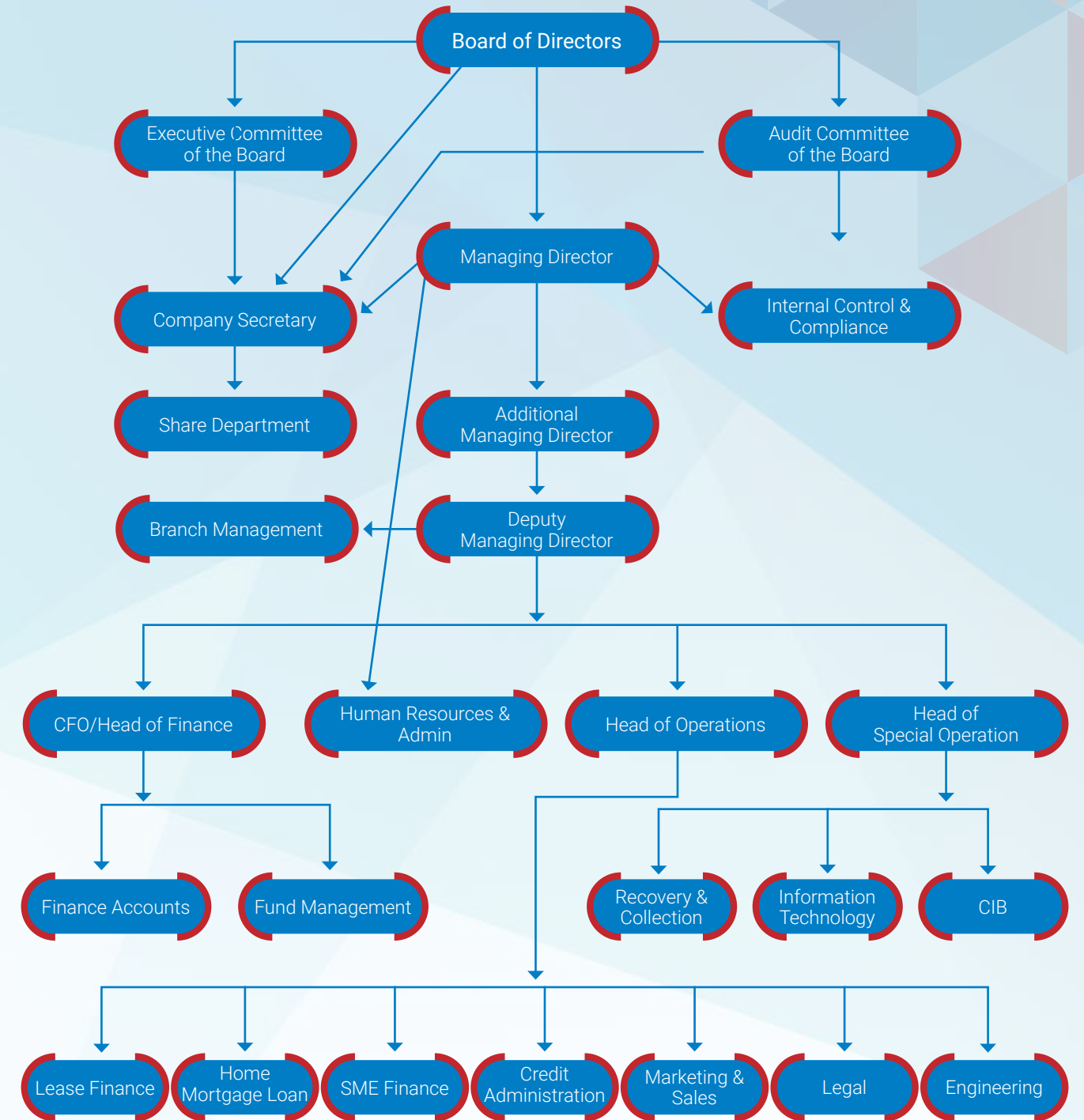
## SME Finance

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

## Deposit Schemes with Attractive Return

- Term deposit account
- Money multiplier scheme
- Mohila savings scheme
- Kotipoti scheme
- Housing deposit scheme
- Education pension scheme
- Income account
- Monthly savings scheme (MSS)
- Millionaire savings account

# ORGANIZATIONAL STRUCTURE





## 6-YEARS 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.
- Changes in commodity price levels.
- Further volatility in interest rates.
- Changes in government policies
- 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	2022	2021	2020	2019	2018	2017
<b>Operational Highlights</b>						
Housing loan sanction	3,188.08	3,151.67	2,024.72	3,936.25	4,401.60	3,593.48
Lease, Term and SME loans sanction	27.50	86.70	23.80	2.00	151.60	573.20
Housing loan disbursed	2,558.69	2,008.21	1,348.61	2,540.13	3,021.22	2,174.44
Lease, Term and SME loans disbursed	52.54	67.20	21.30	86.88	228.72	519.56
Cumulative housing loan disbursed	26,288.41	23,729.72	21,721.51	20,372.90	17,832.78	14,811.55
Cumulative lease, Term and SME loans disbursed	8,164.19	8,111.65	8,044.45	8,023.15	7,936.27	7,707.55
Cumulative housing loan sanction	32,623.74	29,435.66	26,283.99	24,259.27	20,323.02	15,921.42
Cumulative lease, Term and SME loans sanction	8,280.20	8,252.70	8,166.00	8,142.20	8,140.20	7,988.60

### Financial Highlights

Operational income	620.47	727.49	739.70	588.97	684.22	626.52
Operational expenses	215.36	201.31	199.13	195.68	170.47	152.13
Financial expenses	917.98	972.02	1,343.66	1,486.02	1,344.11	814.69
Administrative Expenses	180.79	166.37	168.07	164.37	143.79	126.74
Profit before tax	408.30	436.22	483.36	390.62	447.59	428.52
Provision for taxes	145.16	174.93	161.97	153.82	171.82	173.37
Net profit after tax	263.14	261.29	321.39	236.81	275.77	255.15
Shareholders' fund	2,269.83	2,182.23	2,096.49	1,892.13	1,774.23	1,700.60
Total deposit	12,472.19	14,421.04	13,510.91	13,245.55	16,149.00	11,668.16
Total borrowing	2,146.64	882.19	849.73	1,629.48	1,760.75	1,720.84
Total loan portfolio	14,393.42	13,939.46	13,628.36	13,494.88	12,363.97	10,245.33
Total balance sheet size	18,401.74	19,059.22	17,782.57	18,239.70	20,980.85	16,163.20
NPL ratio (%)	6.93%	5.88%	5.33%	5.16%	4.21%	5.06%

### Financial ratios

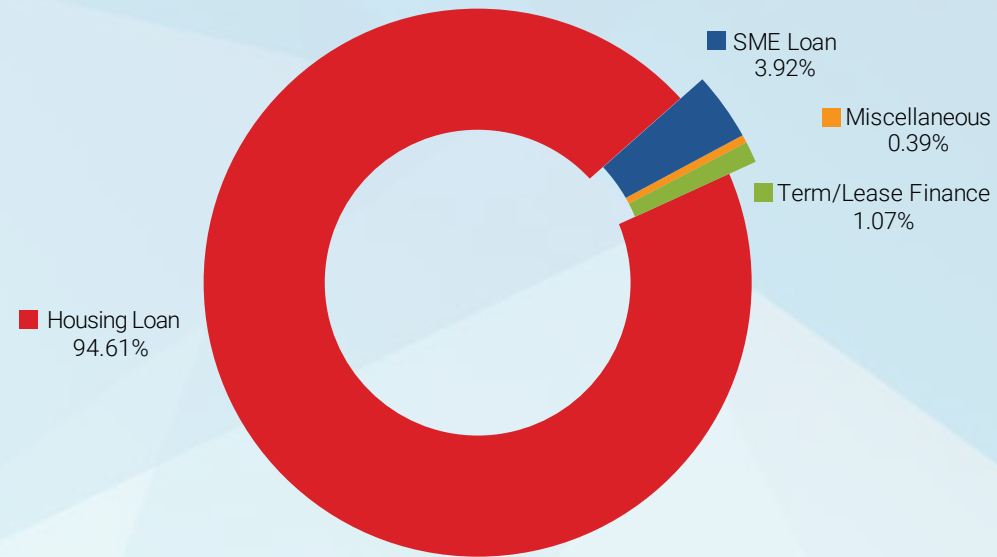
Earnings per share	2.25	2.23	2.75	2.02	2.36	2.40
Dividend per share	15.00%	15.00%	15.00%	10.00%	*20.00%	19.00%
Net asset value per share	19.40	18.65	17.91	16.17	15.16	15.98
Financial expenses coverage (times)	1.44	1.45	1.36	1.26	1.33	1.58
Profit margin (before tax)	26.54%	25.67%	23.20%	18.83%	22.07%	29.73%
Profit margin (after tax)	17.10%	15.37%	15.43%	11.41%	13.60%	17.70%
Return on equity	11.82%	12.21%	16.12%	12.96%	15.60%	15.29%
Debt equity ratio	6.44	7.73	7.48	8.40	10.62	8.32

\*Dividend in 2018 was 10% cash and 10% stock

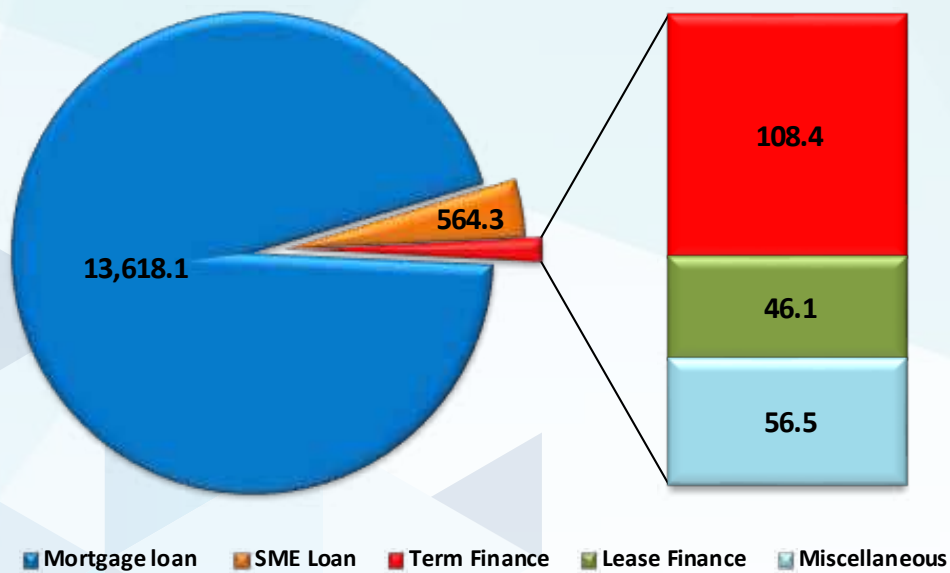
### Graphs on 6-Years Financial Highlights



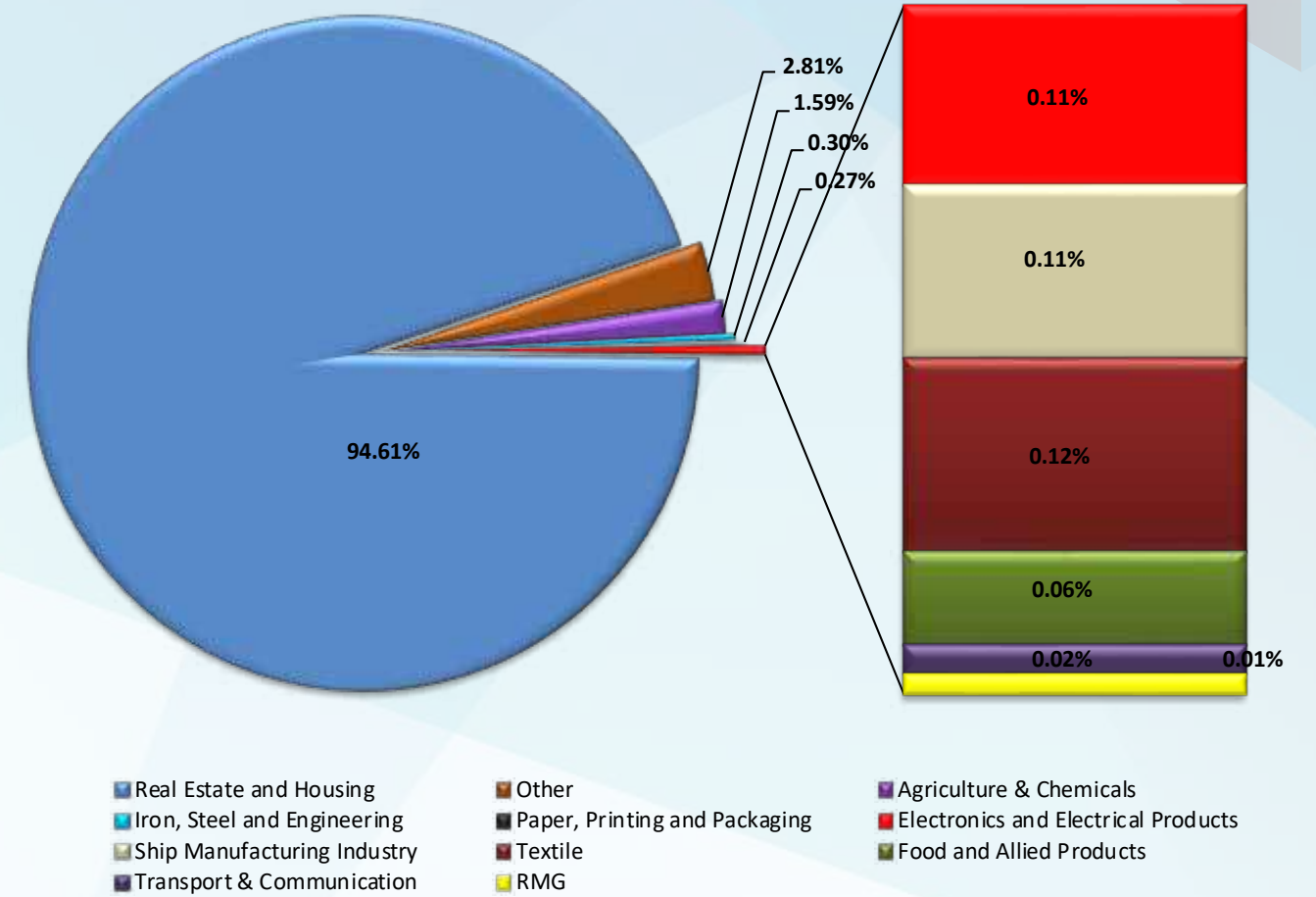
## OUTSTANDING PORTFOLIO



## PORTFOLIO MIX



## SECTORAL PORTFOLIO

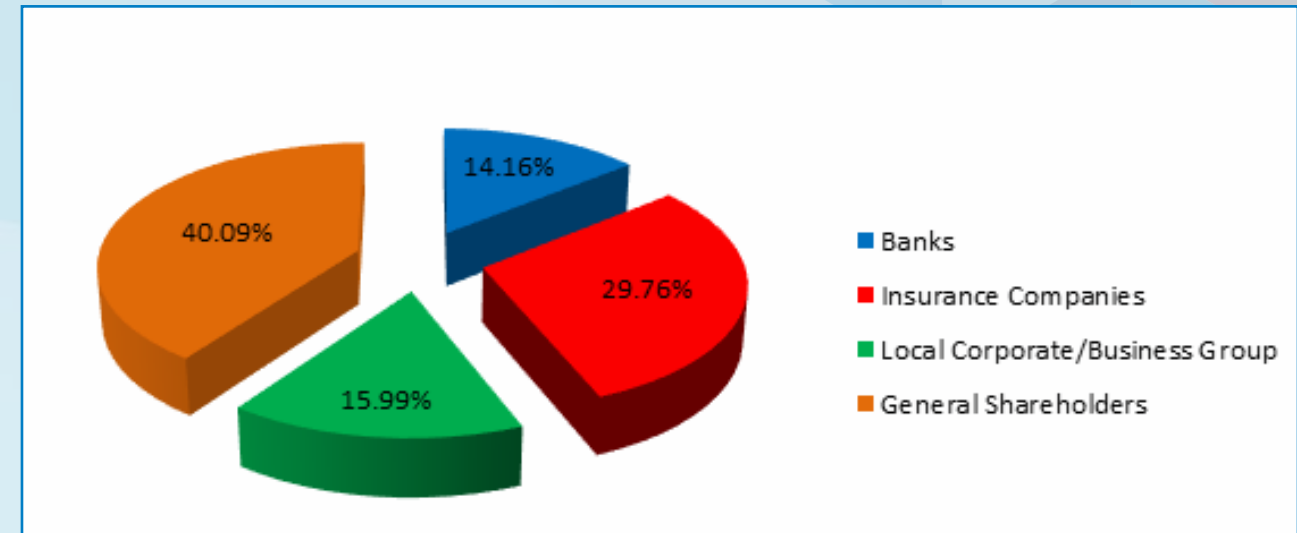




# STAKEHOLDERS



## SHAREHOLDING STRUCTURE



## OUR PROMOTERS



## BANKING PARTNERS

• Agrani Bank Limited	• NRB Bank Limited
• Bank Asia Limited	• One Bank Limited
• Commercial Bank of Ceylon PLC	• Prime Bank Limited
• Dhaka Bank Limited	• Pubali Bank Limited
• Dutch Bangla Bank Limited	• Shahjalal Islami Bank Limited
• Eastern Bank Limited	• Social Islami Bank Limited
• EXIM Bank Limited	• Sonali Bank Limited
• Islami Bank Bangladesh Limited	• Standard Chartered Bank
• Jamuna Bank Limited	• Southeast Bank Limited
• Mercantile Bank Limited	• The Premier Bank Limited
• Mutual Trust Bank Limited	• Uttara Bank Limited
• National Bank Limited	• Woori Bank Limited
• NCC Bank Limited	

## DIRECTORS' PROFILES



**Mr. Mahbubur Rahman**  
[Representing Eastland Insurance Co. Ltd.]  
Chairman

**Mr. MAHBUBUR RAHMAN**, President, International Chamber of Commerce (ICC) – Bangladesh, The world business organization having its HQs in Paris.

Mr. Rahman is the Chairman & CEO of ETBL Holdings Limited - a conglomerate of 5 (Five) wholly owned Business affiliates and stake holders of 4 (Four) PLCs. He is the Founder Chairman of Eastland Insurance Co. Ltd. (plc), International Publications Limited (Publishers of The Financial Express), and Bangladesh International Arbitration Centre (BIAC) – The Institution for Alternative Dispute Resolution.

Mr. Rahman is among the 150 high-impact leaders in business and social enterprise from Africa, Asia, Latin America and the Middle East, who have been interviewed under the “Creating Emerging Market Project (CEMP)” at Harvard Business School (HBS). Mr. Rahman is the Founding Member and Former Chairman of Business Advisory Council (EBAC) of UN-ESCAP (United Nations Economic & Social Commission for Asia & the Pacific) during 2017-18.

He is the Sole Arbitrator in Bangladesh for The China International Economic and Trade Arbitration Commission (CIETAC) ; Co-Chair of the Steering Board of 2030 Water Resource Group of World Bank; Vice Chairman of Bangladesh Foreign Trade Institute (BFTI), Member of the Board of Governors of Institute of Business Administration (IBA) of the University of Dhaka, Founder Member of the Independent University Bangladesh (IUB) and a Director in the Board of Karnaphuli Fertilizer Co. Ltd. (KAFCO)- a multinational company comprising Bangladesh, Japan, Denmark & The Netherlands.

Mr. Rahman was the President of the Federation of Bangladesh Chambers of Commerce & Industry (FBCCI) (1992-1994), The Dhaka Chamber of Commerce & Industry (DCCI) (1985-86 and 1991-92), Founder Vice President (1993-95) of 8-Nation SAARC Chamber of Commerce and Vice President (West Asia) of 57-nation Islamic Chamber of Commerce in 1993-95.

During 1972-79, Mr. Rahman represented Government of Sri Lanka in Bangladesh before Colombo setup its Diplomatic Mission in Dhaka. He was a Sponsor Director and Chairman of National Bank Limited (plc), Former Board Member of BIMAN-Bangladesh Airlines, The Dhaka Stock Exchange Ltd. and Member of the Board of Governors of Bangladesh Open University (BOU). He was a Member of the Board of ICC HQs. during 1997-99.

Mr. Rahman was honoured and awarded as **Presidential Friend of Indonesia** in 2012 at its 67<sup>th</sup> Independence Day in Jakarta by the President His Excellency Mr. Susilo Bambang Yodono of Indonesia.

Mr. Rahman was awarded **The Lifetime Achievement Award** in 2012, by the “DHL-The Daily Star” sponsored most prestigious ‘Bangladesh Business Award’. He has also been honoured by The Daily Star as an **Eminent Personality for Lifetime Contribution to Nation-Building**, 2016.

Mr. Rahman has been awarded **FBCCI Business Excellence Award 2023** for his enormous contribution to the Economy, Trade and Commerce in international stage during **Bangladesh Business Summit** in Dhaka organized by FBCCI on its 50<sup>th</sup> Anniversary.

He organized several International Business & Economic Events in Dhaka attended by Heads of Governments as well as Multi-lateral Agencies & led many Trade & Investment Delegations to a number of overseas destinations, including Leading a few Business Delegations as entourage of the President/Prime Minister of Bangladesh.





**Syed M. Altaf Hussain**  
[Representing Pragati Insurance Ltd.]  
Vice Chairman

**Syed M. Altaf Hussain** is the Chairman of Pragati Insurance Ltd., has had a long and distinguished career in the fields of food grains, crop nutrition, business development, high-rise building development, technology, business operations and financial institutions with over 38 years of experience. He is a sponsor director and notably the founding chairman of Pragati Life Insurance Ltd.

As Chairman and CEO of WW Grains Corp. representing Cargill Inc., USA, he pioneered large-scale trading of food grains and fertilizer commodities. Through his work, he has spent considerable time traveling internationally and had the opportunity to attain an Engineering degree from the University of Texas, Arlington as well as successfully completed Grain Marketing & Agronomical courses from North Dakota State University and Harvard Business School. Additionally, he holds the Chairman title in the following businesses: Sonic Allied Industries Ltd., WW Properties Ltd. and the editorial board of 'The Daily Janata'. He is also Co-Chairman of Jamuna Resort Ltd. and was former Chief Advisor of ATDP-II projects funded by the USAID. Several social, governmental and educational institutions at home and abroad have acknowledged his agro-based expertise.



**Mr. Md. Kabir Reza, FCMA**  
[Representing Square Pharmaceuticals Ltd.]  
Director and Chairman, Executive Committee

**Mr. Md. Kabir Reza, FCMA**, Director and Chairman Executive Committee, is the group Executive Director of Square Pharmaceuticals Ltd. He is a Fellow member of the 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 is working as Executive Director of Accounts and Finance of Square Pharmaceuticals Limited.



**Mr. Abdul-Muyeed Chowdhury**  
Independent Director and  
Chairman, Audit Committee

**Mr. Abdul-Muyeed Chowdhury** former Secretary, Government of Bangladesh and former Advisor to the non-party Caretaker Government of Bangladesh is an Independent Director of the Company. He is a retired CSP. He was the ED of BRAC from 2000 to 2006. Prior to that, he spent more than three decades in the civil service of Bangladesh and was the Secretary to the Government from 1994 to 2000 holding charge of various ministries. He served as the Chairman of NBR, Managing Director of Biman Bangladesh Airlines and Executive Director of Jamuna Multipurpose Bridge Authority, President of National Shooting Federation of Bangladesh, Chairman of SME Foundation and Vice President of Bangladesh Olympic Association. He was the Chairperson of BRACNet Limited. Currently, he is serving as the CEO of Tiger Tours Limited. Besides, he is also an Independent Director of ACI Formulations Ltd, Independent Director of Grameen Phone (GP) Ltd, Independent Director of Dosh Garments Ltd, Nominated Director of MJLB Ltd and its subsidiary companies (Omera Petroleum Ltd, Omera Fuels Ltd and Omera Cylinders Ltd), Nominated Director of Summit Alliance Port Ltd. Nominated Director of ACI Ltd, Founding Member of the BRAC University Trustee Board, Chairman of GSS, a well-known NGO of the country, Member of the National council of Bangladesh Diabetic Samity (BADAS) and Chairman of the Management Board of BIRDEM Hospital of BADAS.

He is also Former Independent Director of Pioneer Insurance Company Ltd, Former Independent Director of Summit Alliance Port Ltd, Former Independent Director of ACI Ltd, Former Syndicate Member of the Chittagong University (Govt. Nominee), Former Syndicate Member of the Shahjalal University of Science and Technology (Govt. Nominee), Former Director of the Rajshahi Krishi Unnayan Bank at inception (Govt. Nominee), Former Director of the then Shilpa Bank (Govt. Nominee) and Former Chairman, Sajida Foundation.

Mr. Chowdhury obtained his Bachelor of Arts with honors in History and Master of Arts (1st Class) from Dhaka University. He also attended Certificate of Participation in an acceptable program of special study in Political Science, Public Administration in the University of Tennessee, Knoxville.



**Mr. Akhtar Ahmed**

[Representing Reliance Insurance Co. Ltd.]  
Director

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. Now Mr. Ahmed is Advisor of Reliance Insurance Ltd.

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



**Mr. Md. Kazim Uddin**

[Representing National Life Insurance Co. Ltd.]  
Director

**Mr. Md. Kazim Uddin** is a renowned person in Life insurance sector in Bangladesh. He started life Insurance career in May 1987 in the Development-side in National Life Insurance Co. Ltd. Mr. Kazim is a popular motivational speaker in Life Insurance industry in Bangladesh.

He worked in National Life Insurance Company in various Senior Positions. Prior to being the Chief Executive Officer he had been serving as Deputy Managing Director in the same company. National Life is a leading Life Insurance Company in the Life Insurance Market of Bangladesh.

Mr. Kazim obtained higher training both at home and abroad. He completed his MBA from the University of Cumilla. Mr. Kazim travelled various countries and participated in many life insurance Seminars and Training sessions.



**Mr. Muminul Haque Chowdhury**

[Representing Borak Travels (Pvt.) Limited]  
Director

**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**

[Representing Eastern Insurance Co. Ltd.]  
Director

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





**Mr. A.K.M. Moinuddin, FCA**  
[Representing Bangladesh Lamps Ltd.]  
Director

**Mr. A.K.M. Moinuddin, FCA** is a business professional with more than 35 years of experience in multiple organizations. He headed the finance, supply chain, human resource management and administration functions of various national and multinational Companies/organizations of Bangladesh and the United Kingdom (UK); notable amongst which are Companies/organizations like Transcom Limited (one of the largest & professionally managed diversified business conglomerates in Bangladesh), Nestle Bangladesh Limited (A 100% owned subsidiary of Nestle SA, Switzerland, the largest food Company in the world), BRAC etc. He was also involved in the accountancy profession as a partner in a firm of Chartered Accountants.

Mr. A.K.M. Moinuddin holds a Master's Degree in Accounting from the University of Dhaka and a Bachelor's Degree in Accounting with Honours from the same university.

He is a Fellow Member of the Institute of Chartered Accountants of Bangladesh.



**Mr. Siddiqur Rahman Choudhury**  
Independent Director

**Mr. Siddiqur Rahman Choudhury** joined the Bangladesh Civil Service in 1977. For almost 30 years worked in administrative, management, policy level posts in different tiers of the government as a career civil servant. His last position was the Finance Secretary, government of Bangladesh. He is also former Commerce Secretary and former Secretary of Ministry of Food and Disaster Management Government of Bangladesh. At present, he is the Chairman of Social Marketing Company (SMC) and SMC Enterprise Ltd. since September, 2017. He served as Chairman of Agrani Bank Ltd, Sadharan Bima Corporation and Sonali Bank UK Ltd. Besides he served as a Director of Bangladesh Bank, Sonali Bank, House Building Finance Corporation, SABINCO, IDCOL, MIDAS Financing, Bangladesh Biman, Jamuna Oil Company and Eastern Refinery.

He has received trainings from Government Finance Statistics, IMF Institute, Singapore; Development Management, Asian Institute of Management (AIM), Manila, Philippines; Audit of Computerized Systems Australian Audit Office, Canberra, Australia; Civil Service Foundation Training, Bangladesh Academy for Rural Development (BARD), Comilla, Bangladesh; Departmental Training on Government Audit and Accounts and Financial Management, Bangladesh; Senior Staff Course, Public Administration Training Center (PATC), Savar, Dhaka, Bangladesh.

Mr. Siddiqur Rahman Choudhury completed B.Sc (Honours) in Chemistry and M.Sc (Chemistry) from University of Dhaka. He also obtained Diploma in Public Financial Management from University of Connecticut, USA.



**Mr. Mohammad Shamsul Islam**  
Managing Director & CEO

**Mr. Mohammad Shamsul Islam** is the Managing Director of National Housing Finance and Investments Limited (NHFIL), having been appointed in July 2021 after joining as an Additional Managing Director (AMD) in February of the same year. Prior to joining as Additional Managing Director, he was Deputy Managing Director of Global Islami Bank Limited from May 2017.

Mr. M.S. Islam has over 33 years of experience in the banking sector, starting his career as a Probationary Officer at AB Bank Limited in the year 1989 and holding various managerial positions throughout his career. During his Service at AB Bank Limited, He worked as Manager of various branches and functional Heads in Head Office of different Divisions of the Bank. Mr. M.S. Islam has undergone a number of professional trainings and seminars at home and abroad.

Mr. M.S. Islam completed his MBA in Banking from the University of Dhaka.

## PROFILES OF MANCOM MEMBERS



**Mr. Shital Chandra Saha**  
Executive Vice President (EVP) &  
Head of Operation

**Mr. Shital Chandra Saha** obtained his MBA from University of Dhaka after completing his MSS in Public Administration from the same university. In 1998 he started his career as "Probationary Officer" in Arab Bangladesh Bank Ltd. and served up to 2002 as "Officer". Then he joined The Trust Bank Limited as "Principal Officer" and served from 2002 to 2004. He worked for Bangladesh and Investment Co. Ltd. (BFIC) as "Senior Executive Officer" from 2004 to 2005. He was a "Manager" in Union Capital Limited before he joined National Housing Finance and Investments Limited as "Senior Manager" in 2005. Currently he is serving National Housing Finance and Investments Limited as "Executive Vice President (EVP)" and Head of Operation Department. During his professional career, he participated in various trainings from BIBM and different banks.



**Mr. Sayed Ahmed, FCMA**  
Senior Vice President (SVP) &  
Chief Financial Officer (CFO)

**Mr. Sayed Ahmed** is a Fellow Member of The Institute of Cost and Management Accountants of Bangladesh (ICMAB). He also completed his M.Com in Accounting. He started his career as a "Senior Executive (Audit & Accounts)" in H.R. Textile from 2003 to 2004. After that he served as a "Deputy Manager (Accounts)" in Shamsul Alamin Pharmaceuticals Ltd. from 2004 to 2007. Then he joined GSP Finance Company (Bangladesh) Limited as "Manager (Accounts)" in 2007. In 2009 he joined as "Manager (Finance & Accounts)" in Bengal Group of Industries. In 2010 he joined National Housing Finance and Investments Limited as "First Assistant Vice President (FAVP)" in 2010. Currently he is serving as a Senior Vice President (SVP) & Chief Financial Officer (CFO) of the company. He is also CAMLCO of the company. He took part in various training programs in his career arranged by Bangladesh Bank.



**Mr. Md. Sarwar Kamal FCS**  
Senior Vice President (SVP) & Company Secretary

**Mr. Md. Sarwar Kamal** is a Fellow member of The Institute of Chartered Secretaries of Bangladesh (ICSB). He also completed his Master's in Accounting. He started his career in Trio Hologram Industries Ltd. as an Executive, Accounts & Administration in 2006. Later he joined GSP Finance Company (Bangladesh) Ltd. as an "Assistant Company Secretary" in 2007 and served up to 2010 as "Deputy Company Secretary". After that he joined National Housing Finance and Investments Limited as a "First Assistant Vice President (FAVP)" in 2010. Currently he is serving as a "Senior Vice President and Company Secretary".

He participated in various training and workshop such as "Corporate Governance Board Leadership for Chartered Secretaries" jointly organized by IFC, Ministry of Foreign Affairs of the Netherlands and ICSB, "Corporate Governance Dispute Resolution & Mediation" jointly organized by IFC and ICSB and "Audit Committee: Role, Responsibility, Structure & Function" jointly organized by IFC and ICSB. He also participated "47th International Convention of Company Secretaries of India" Jaipur, Rajasthan, India as a delegate from ICSB. Besides he visited various countries such as Malaysia, Thailand etc.



**Mr. Mahbubur Rashid Al-Amin**  
Vice President (VP) & Head of Business

**Mr. Mahbubur Rashid Al-Amin**, MBA (Finance) & M.Com (Management), started his career in National Credit and Commerce Bank Ltd. as a "Junior Officer" in 1994. After that he served as an "Operation Manager" in Air Bridge International Ltd. from 1995 to 2003. After serving as an "Executive Officer" in China National Overseas Engineering Corporation (COVEC) and "First Executive Officer & Board Secretary" in Information Technology Consultants Ltd. during the period of 2003 to 2006, he joined National Housing Finance and Investments Limited as a "Senior Counselor" in 2006. After several promotions during the course of his career, he is now working as a "Vice President (VP)" in the company and also holding the position of Head of Business. He took part in various training sessions arranged by Bangladesh Bank and SouthAsia Enterprise Development Facility (SEDF).

He is a Rotarian and the President (2022-23) of the Rotary Club of Dhaka Buriganga. Besides he plays snooker and participated several tournament on behalf of Dhaka officers club.



## MANAGEMENT COMMITTEE



## MANAGEMENT TEAM

### Managing Director

Mohammad Shamsul Islam

### Executive Vice President

Shital Chandra Saha

### Chief Financial Officer & SVP

Sayed Ahmed, FCMA

### Company Secretary & SVP

Md. Sarwar Kamal FCS

### Senior Vice President

Md. Nazrul Islam (Head of Principal Branch)

### Vice Presidents

Md. Abdul Baten  
Abu Naser Md. Ahad Sarkar  
Mahbubur Rashid Al-Amin  
Md. Mahbubur Rahman (Head of Gulshan Branch)  
Anis Uddin Ahmed (Head of Khulna Branch)

### Senior Assistant Vice Presidents

Md. Jahedul Islam (Head of Rangpur Branch)  
Md. Mezanur Rahman  
Md. Ali Tareque  
Md. Mozaharul Islam (Head of Chattogram Branch)

### Assistant Vice Presidents

Md. Ismail Hossain Mazumder  
Israt Jahan  
Sharmin Zahan  
Md. Mashiur Rahman  
A. M. Enayet Karim (Head of Gazipur Branch)  
Nayan Malakar  
Dilip Chandra Roy  
Md. Anower Hossain  
Md. Azizur Rahman  
Reza Karim Md. Khaled  
A.B.M. Qamrul Hasan (Head of Bogura Branch)  
Prabir Shel  
Md. Ilious Zaved (Head of Rajshahi Branch)

### First Assistant Vice Presidents

Purna Chandra Deb Sharma  
H. M. Mashiur Rahaman  
Masbha Uddin  
Rumana Amin  
Tanvir Ahmed  
Md. Abu Faysal Rony  
Abdullah Al Kafi  
Syed Sahrif Ahmed Sumon  
Md. Junayed Abedin  
Suraiya Yeasmin (Head of Motijheel Branch)  
Md. Alimul Islam  
Ibrahim Khalil  
Mohammad Mazharul Islam ACS  
Adnan Imtiaz  
Iffat Ruhan  
Marufur Rahman  
Md. Mustafizur Rahaman  
Mohammad Saiful Islam (Head of Feni Branch)

### Senior Executive Officers

Sheikh Farid  
Robiul Hoque  
Tania Afrose  
Abu Jafar Md. Abdullah  
K. M. IftekharHossain  
A. Q. M. AmbiaTouhid  
Md. Al-Amin  
Al Mamun Shibli  
Noor-ul-MuhaimenTalukder  
Nafisa Tasnim Samantha  
Sharmin Jahan Shawn  
Md. Waliul Islam Chowdhury  
Md. Hamim Mia  
Awlia Akter  
Brinta Ghosh  
Md. Badiuzzaman Sarker Masum  
Walid Hassan  
Suvra Saha  
Rajesh Saha  
Sharmistha Datta

### Executive Officers

Jinat Ara Jesmin  
Sarfaraj Ahmed  
Md. Mosharof Hossan

## DIFFERENT COMMITTEES

### Board Committees

#### Executive Committee

SL	Name	Designation	Status in Committee
1	Mr. Md. Kabir Reza, FCMA	Director	Chairman
2	Syed M. Altaf Hussain	Vice-Chairman	Member
3	Mr. Muminul Haque Chowdhury	Director	Member
4	Mr. A.K.M Moinuddin, FCA	Director	Member
5	Mr. Abdul-Muyeed Chowdhury	Independent Director	Member
6	Mr. Siddiqur Rahman Choudhury	Independent Director	Member
7	Mr. Mohammad Shamsul Islam	Managing Director	Ex-officio Member
8	Mr. Md. Sarwar Kamal FCS	Company Secretary	Member Secretary

#### Audit Committee

SL	Name	Designation	Status in Committee
1	Mr. Abdul-Muyeed Chowdhury	Independent Director	Chairman
2	Mr. Md. Kabir Reza, FCMA	Director	Member
3	Mr. Aktar Ahmed	Director	Member
4	Mr. Azmal Hossain	Director	Member
5	Mr. Siddiqur Rahman Choudhury	Independent Director	Member
6	Mr. Mohammad Shamsul Islam	Managing Director	Ex-officio Member
7	Mr. Md. Sarwar Kamal, FCS	Company Secretary	Member Secretary

### Other Committees

#### Management Committee (MANCOM)

SL	Name	Designation	Status in Committee
1	Mr. Mohammad Shamsul Islam	Managing Director	Chairman
2	Mr. Shital Chandra Saha	Head of CRM	Member
3	Mr. Sayed Ahmed, FCMA	Chief Financial Officer	Member
4	Mr. Mahbubur Rashid Al-Amin	Head of Business	Member
5	Mr. Md. Sarwar Kamal FCS	Company Secretary	Member Secretary

#### Asset Liability Management Committee (ALCO)

SL	Name	Designation	Status in Committee
1	Mr. Mohammad Shamsul Islam	Managing Director	Chairman
2	Mr. Shital Chandra Saha	Head of CRM	Member
3	Mr. Sayed Ahmed, FCMA	Chief Financial Officer	Member
4	Mr. Md. Sarwar Kamal FCS	Company Secretary	Member
5	Mr. Mahbubur Rashid Al-Amin	Head of Business	Member
6	Syed Sharif Ahmed Sumon	Head of Liability	Member
7	Mr. Md. Ismail Hossain Mazumder	Head of Treasury	Member Secretary

#### Credit Committee

SL	Name	Designation	Status in Committee
1	Mr. Shital Chandra Saha	Head of CRM	Member
2	Mr. Sayed Ahmed, FCMA	Chief Financial Officer	Member
3	Mr. Md. Sarwar Kamal FCS	Company Secretary	Member
4	Ms. Maria Farhat	Sr. Officer	Member Secretary

#### Woman Entrepreneur Development Unit (WEDU)

SL	Name	Designation	Status in Committee
1.	Ms. Nafisa Tasnim Samantha	SEO	Head of WEDU
2.	Ms. Homayra Ashrafi	Sr. Officer	Member

#### Sustainable Finance Committee

SL	Name	Designation	Status in Committee
1.	Mr. Shital Chandra Saha	Head of CRM	Member
2.	Mr. Sayed Ahmed, FCMA	Chief Financial Officer	Member
3.	Mr. Md. Sarwar Kamal FCS	Company Secretary	Member
4.	Mr. Md. Ali Tareque	Head of IT	Member
5.	Mr. Prabir Shel	Head of ICCD	Member
6.	Mr. Reza Karim Md. Khaled	Head of SME	Member Secretary

#### Sustainable Finance Unit

SL	Name	Designation	Status in Committee
1	Mr. Shital Chandra Saha	Head of CRM	Unit Head
2	Mr. Md. Sarwar Kamal FCS	Company Secretary	Member
3	Mr. Md. Ali Tareque	Head of IT	Member
4	Mr. Prabir Shel	Head of ICCD	Member
5	Mr. Reza Karim Md. Khaled	Head of SME	Member
6	Mr. Md. Junayed Abedin	FAVP	Focal Point Official
7	Mr. Md. Al-Amin	SEO	Fallback Person

#### Risk Management Forum (RMF)

SL	Name	Designation	Status in Committee
1	Mr. Shital Chandra Saha	Head of CRM	Member
2	Mr. Sayed Ahmed, FCMA	Chief Financial Officer	Member
3	Mr. Md. Ali Tareque	Head of IT	Member
4	Mr. Md. Ismail Hossain Mazumder	Head of Treasury	Member
5	Mr. Prabir Shel	Head of ICCD	Member
6	Mr. Md. Junayed Abedin	FAVP	Member

#### Central Compliance Unit (CCU)

SL	Name	Designation	Status in Committee
1	Mr. Sayed Ahmed, FCMA	CAMLCO	Head of CCU
2	Mr. Md. Ali Tareque	Head of IT	Member
3	Mr. Md. Ismail Hossain Mazumder	Head of Treasury	Member
4	Mr. Dilip Chandra Roy	Head of HR	Member
5	Mr. Syed Sharif Ahmed Sumon	Head of Liability	Member
6	Ms. Homayra Ashrafi	Sr. Officer	Member
7	Mr. Prabir Shel	DCAMLCO	Member Secretary

#### Risk Analysis Unit (RAU)

SL	Name	Designation	Status in Committee
1	Mr. Md. Sarwar Kamal FCS	Company Secretary	Member
2	Mr. Md. Abdul Baten	Head of Recovery	Member
3	Mr. Mezanur Rahman	Asst. Vice President	Member
4	Mr. Md. Waliul Islam Chowdhury	Sr. Executive Officer	Member
5	Mr. Md. Hamim Mia	Sr. Executive Officer	Member Secretary

#### Customer Service and Complaints Management Cell

SL	Name	Designation	Status in Committee
1.	Mr. Md. Sarwar Kamal, FCS	Company Secretary	Head of Complaint Cell
2.	Mr. Prabir Shel	Head of ICCD	Member
3.	Mr. Reza Karim Md. Khaled	Head of SME	Member
4.	Ms. Homayra Ashrafi	Sr. Officer	Member





As we reflect on the lessons of the past year, we recognize that the path ahead is fraught with difficulties. However, we remain optimistic and focused on the long-term prospects for the sector. In the light of this, we acknowledge the need to approach the provision of home loans in a more holistic manner, emphasizing affordability, practicality and sustainability. Moreover, we are determined to support our clients in navigating the manifold challenges facing the urban housing sector in Bangladesh.

Moving forward, we will remain steadfast in our commitment to meeting these challenges head-on, with a focus on creating an attractive, practical, and sustainable home loan policy. By addressing these challenges, we firmly believe that we will unlock new opportunities for growth and long-term success.

**Dear Members,**

I am pleased to report that NHFIL maintained its profitability in the year 2022, despite the impact of the pandemic. Our total portfolio stood at Tk. 1,439.34 crore, and we remain committed to delivering value to our stakeholders through sound financial management and prudent investment decisions.

Consequently, the Board of Directors of your Company has recommended a 15% cash dividend for the year 2022, which is expected to be approved by you. As one of the largest financial institutions of the country, NHFIL is currently operating with 10 Branches and 03 Sales Centers covering several districts in Bangladesh and offering various home loan products tailored to fulfill customers' needs in the best possible way.

As the Chairman of NHFIL, I express my confidence in the company's future and eagerly anticipate bigger and better opportunities ahead. I stand as a representative of our Board, officials, customers, and shareholders who have contributed to NHFIL's success and recognition as a trusted and reliable organization.

Once again, I would like to express my profound thanks to our shareholders and all other stakeholders for their continued support and faith in NHFIL. We look forward to working together towards our mutual success.



**(Mahbubur Rahman)**  
Chairman



## FROM THE DESK OF THE MANAGING DIRECTOR

**Respected Shareholders, Distinguished Ladies and Gentlemen,**  
Assalamu Alaikum wa Rahmatullah,

I am pleased to extend a warm welcome to each and every one of you on the occasion of the 24th Annual General Meeting (AGM) of NHFIL. As you all know, the Annual Report for the financial year ended on 31 December 2022, along with the Director' Report, Audited Financial Statements, and Auditors' Report, have been shared with you, I would consider them as read.

The housing sector of Bangladesh has tremendous potential for growth, but it has suffered setbacks due to the global pandemic outbreak, war and socio-economic changes on local macro and micro economy alongwith increased inflation and declined long term investments. This sector holds a crucial place in the nation's economy, as it has a strong interconnection with many other sectors and provides employment to millions of people. Your company, NHFIL, has primarily focused on the housing sector, providing finances to meet the basic human need for housing. Although we faced numerous challenges due to the post-pandemic situation and new regulations, I am delighted to share that we maintained a stable position in the industry, keeping the NHFIL legacy going during the year 2022.



It gives me great pleasure to announce the successful completion of NHFIL's 24 years of operations, having demonstrated outstanding performance despite the unprecedented challenges posed by the COVID-19 pandemic and Global economic slowdown. The global pandemic resulted in a significant slowdown of economic activities, but despite this, the NHFIL team remained steadfast and achieved a disbursement target of Tk. 261.12crore, while earning a profit after tax of Tk. 26.31crore. Consequently, the Earnings per Share (EPS) stood at 2.25 in 2022, which is a remarkable achievement in our capital market structure. The highlights of NHFIL's performance during 2022, the economic environment, challenges faced, and the future outlook of the Company, as depicted in the report, are a clear indication that your Company is on a growth trajectory.

Our focus remained on the survival of our core business, which helped us to avoid the financial troubles that hit many institutions during the pandemic. Under the guidance of our experienced board members, we have been following the strategy of taking advantage of every buoyant opportunity in the home loan market as our main agenda in NHFIL's operations. We recently expanded our reach and visibility by opening the Khulna Branch and the Sales Center in Uttara, which operates under its Gulshan Branch. These new locations allow NHFIL to cater to a broader range of customers while also providing increased accessibility and convenience to its services. In addition to the branch expansion, we recognize the importance of providing innovative and diverse financial solutions that cater to the needs of all customers. We continue to explore other avenues for procurement and deployment of funds to augment incomes. As a result, under the guidance and approval of the Board of Directors we have decided to commence Shariah-compliant business operations under the Islamic Finance window responding to the growing demand for Shariah-compliant financing products. We also decided to sponsor an open-end Mutual Fund, namely the 'BMSL-National Housing Growth Fund'. Furthermore, the company invested in a Subordinated Bond of a recognized Bank, demonstrating our commitment to expanding our investment portfolio. Last but not the least, under the guidance of the Board of Directors, we have decided to issue Non-convertible fully redeemable Zero Coupon Bond namely 'National Housing 1st Zero Coupon Bond' for BDT 375 crore (face value). Additionally, the company will engage continuously in observing and analyzing the changes in the business and financial atmosphere of the country and adjust strategies accordingly. The recovery of NPL, strengthening of risk management capacities and tools, and exploring new fields of business will no doubt delineate a greater part of our actions in the coming days.

Lastly, I express my gratitude to our honorable shareholders for their support and confidence in NHFIL's management. I also extend my sincere gratitude to the honorable Members of the Board for their guidance during the operation's challenging times. I appreciate all my colleagues for their unstinted support, commitment and dedication without which NHFIL could not have become a shining star in the industry. I also express my gratitude to Bangladesh Bank, RJSC, BSEC, DSE, CSE, CDBL, our auditors, customers, other stakeholders, and well-wishers for their full cooperation and support.

Thank you.



(Mohammad Shamsul Islam)  
Managing Director & CEO

## DIRECTORS' REPORT

### Dear Shareholder

We, the Directors of National Housing Finance and Investments Limited ["NHFIL"], have the pleasure to present before you this Report along with the Audited Financial Statements of Your Company for the year ended 31 December 2022 and the Auditors' Report thereon.

The Directors' Report has been prepared in compliance with the provisions of Section 184 of the Companies Act 1994, the Corporate Governance Code of BSEC dated 03 June 2018, the Listing Regulations of DSE and CSE, the Guidelines of Bangladesh Bank and other applicable Rules and Regulations. A separate reports and statements titled 'Report on Corporate Governance', 'Internal Audit and Internal Control System', 'Risk Management Framework', and various tables, graphs and presentations related to performance of the Company shall be treated as integral parts of this Directors' Report. The Board of Directors is committed to maintain proper corporate governance, self-signaling internal control systems and sharpened compliance standards.

2022 was a challenging year for whole world due to cost-of-living crisis, tightening financial conditions in most regions, Russia's invasion of Ukraine, and the lingering COVID-19 pandemic. The capital market also followed the scenario all through the year. The adverse effects of pandemic and Russia-Ukraine War created heavy pressure on business operations and long term individual investments in housing and other areas. Despite the difficulties and challenges, your company maintained stable growth during the year 2022.

## ECONOMIC REVIEW OF THE FINANCIAL YEAR

### • REVIEW OF WORLD ECONOMY

The global economy is currently experiencing a significant and unexpected slowdown, with inflation rates at their highest in several decades. This cost-of-living crisis is compounded by tightening financial conditions, Russia's invasion of Ukraine, and the ongoing COVID-19 pandemic. The International Monetary Fund (IMF) forecasts that global growth will slow down from 6.0 percent in 2021 to 3.2 percent in 2022 and 2.7 percent in 2023. These growth rates are the lowest since 2001, with the exception of the global financial crisis and the acute phase of the COVID-19 pandemic.

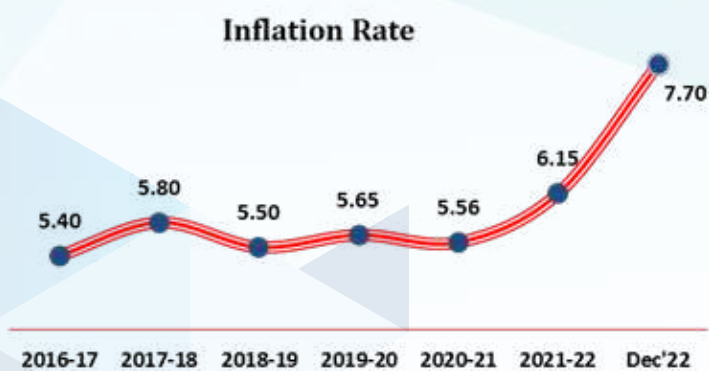
Furthermore, global inflation is expected to rise from 4.7 percent in 2021 to 8.8 percent in 2022, before declining to 6.5 percent in 2023 and 4.1 percent by 2024. To restore price stability, monetary policy should remain consistent, while fiscal policy should aim to mitigate the cost-of-living pressures while maintaining a tight stance aligned with monetary policy. Structural reforms that boost productivity and ease supply constraints can also aid in the fight against inflation. Finally, multilateral cooperation is critical to fast-tracking the green energy transition and preventing fragmentation.

### • REVIEW OF BANGLADESH ECONOMY REVIEW

In the phase of global recovery from COVID-19 and worldwide demand-supply chain anomaly amid the Russia-Ukraine war, Bangladesh economy is accelerating its real GDP growth by gradually outstripping the economic catastrophe, supported by full resumption of economic activities. The potential loss of export demand and war-induced rise of the global food, fuel and commodity prices made the import cost higher which ultimately provoked inflation and exchange rate to rise. Notwithstanding the repeated wave of economic disruption, Bangladesh kept its output growth suitable where in case of other South Asian countries, the growth seemed moderated in 2021. The estimate of the BBS indicates that real GDP recorded a growth of 7.25 percent in FY22, which was higher than 6.94 percent growth in FY21. The economic impact and diversified prospects of Padma Bridge may act as a driving force to achieve desired GDP growth in the present fiscal year.



Global inflation is facing somewhat a turbulent trend in 2022. The global inflation has been revised up by the IMF due to the rise in food and energy prices as well as lingering supply-demand imbalances, and it is anticipated to reach 7.2 percent in advanced economies and 9.9 percent in emerging market and developing economies in this year. The point-to-point inflation rate of Bangladesh reached to 7.56 percent in June 2022 which was 5.64 percent in June 2021



The import payments witnessed a robust increase because of recent commodity price hikes in the international markets, driven by post-COVID economic recovery related augmented domestic demand. Because of relatively higher import growth than that of export receipts and remittances, the overall balance of payments also witnessed a deficit of USD 5.38 billion during FY22.

The movement of domestic credit, however, remained adequately much in line with the programmed path in FY22, well supported by the private sector credit growth. The faster recovery of economic activities owing to the relaxation of COVID-related restrictions appears to have contributed to the upward trend of the private sector credit growth in FY22. However, the public sector credit growth was slightly lower than the target mainly because of decent inflows of funds from foreign sources and mobilization of idle money from various state owned banks. The public sector credit growth rose to 29.1 percent from previous year's growth of 21.7 percent. The actual growth of private sector credit surged to 13.7 percent from the previous year's growth of 8.3 percent. The most important indicator to demonstrate the asset quality is the ratio of gross non-performing loans (NPLs) to total loans and net NPLs to net total loans. However, after providing classification freeze and soft repayment facilities in response to COVID-19 pandemic. At the end of June 2022, NPL ratio of the overall banking sector stood at 9.0 percent.

### MONEY MARKET SCENARIO

Money market experienced a moderate volatility in FY22 with interbank call money rate climbing higher due to liquidity shortage in the banking sector and rebound program of the economy from the pandemic. BB raised Repo rate twice during FY22. Firstly, Repo rate was increased by 25 basis points in May 2022, from 4.75 percent to 5.00 percent. Later on, BB revised Repo rate upward by 50 basis points in June 2022 and re-fixed at 5.50 percent from 5.00 percent. In FY22, Reverse Repo rate remained unchanged at 4.00 percent.

### CAPITAL MARKET ACTIVITIES

The capital market is considered as the second largest segment of the financial system which contributes in accelerating economic growth by providing long-term funds. Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE), and its affiliates make up the market. In DSE total number of listed securities has increased from 609 in June 2021 to 659.

To diversify investors' portfolios through risk-free investment in government securities, the BSEC started trial trading on 10 October 2022 in both stock exchanges. Moreover, to increase the attainment of international investors, the memorandum of understanding (MoU) was signed between the BSEC and the Securities and Commodities Authority (SCA) of the United Arab Emirates to explore opportunities for dual listing, bond issue, joint subscription, and commodities exchange in both countries. Also, BB provided additional time to banks to adjust their investment from the capital market exposure limit.

DSE broad index (DSEX) and market capitalisation both enhanced rapidly during July-September of FY22. However, DSEX experienced downfall in October-November with rise in December-January of FY22. From February-June of FY22, DSEX followed downward trend. In case of market capitalisation, it experienced almost similar trend as DSEX did. After first half of FY22, DSEX and market capitalisation stood at 6756.7 and BDT 5422.0 billion. Following the downward drift, DSEX and market capitalisation reached at 6376.9 and BDT 5177.8 billion at end of FY22.

### INDUSTRY OUTLOOK

#### HOUSING FINANCE

The housing sector in Bangladesh is a vital and progressive industry, catering to the fundamental need for shelter. The country has witnessed significant growth in the infrastructural sector, particularly in the construction of industrial buildings, corporate offices, residential properties, roads, bridges, and public facilities such as stadiums, transport stations, hospitals, and markets. The housing sector contributes significantly to the nation's economic stability.

The housing finance market in Bangladesh is showing positive signs, with an increase in the total outstanding housing loans from banks and financial institutions. Private sector banks with ample deposit resources are expanding their housing loan portfolios and have emerged as the leading providers of housing finance. The state-owned commercial banks hold the second largest share in housing finance, while private sector specialized housing finance companies also play a crucial role.

The demographic features of Bangladesh, with over 60% of the population comprising young people aged between 25 and 45, further boosts the prospects of the housing sector. The country has enormous potential to progress and develop in all spheres, including social, economic, environmental, entrepreneurial, and philosophical. The ensuing economic vibrancy is expected to bode well for the housing sector in the future. However, the stability of the political climate, investor confidence, and the availability of utilities will continue to play a vital role in ensuring the recovery of Bangladesh's real estate sector.

The scarcity of landed properties in urban areas is a significant challenge in Bangladesh, making vertical real estate development imperative for providing housing facilities to a large number of people in cities and towns. Vertical development involves constructing high-rise buildings accommodating numerous flats, apartments, and office spaces, utilizing land and construction materials efficiently. This development trend is expected to create a demand for housing and construction loans and credits, making it a potential business opportunity for lenders and investors in the real estate sector.

The emergence of a well-educated and prosperous middle class in society has increased the potential for growth in the housing sector business. With disposable incomes, access to loans and allied services, and exposure to modern amenities and lifestyles, this segment of the population aspires to own their own homes. This cosmopolitan trend has created a demand-pull pressure



on credit supply for housing and apartment purchases, resulting in a positive impact on lenders and suppliers, including National Housing. This is an encouraging sign for partners, shareholders, and stakeholders alike.

The government has taken various initiatives to support the housing sector, including the introduction of the Real Estate and Housing Association of Bangladesh (REHAB) Act, which aims to regulate the activities of real estate developers and promote ethical practices in the industry. Furthermore, the government has made efforts to improve the infrastructure by providing electricity, gas, and water supply to new housing projects. In addition to this, the government has launched multiple housing schemes to cater to the housing needs of low and middle-income families, such as the Ashrayan Project and the Rural Housing Scheme. These significant initiatives taken by the government have significantly contributed to the growth and development of the housing industry in Bangladesh.

The enhanced utilization of technology in the construction sector, encompassing Building Information Modelling (BIM) and 3D printing, has led to a more proficient and cost-efficient construction process, which in turn has facilitated the development of affordable, high-quality housing projects. Additionally, the integration of technology in property management, such as the employment of online property portals and property management software, has facilitated seamless connectivity among buyers, sellers, and landlords, streamlining property management procedures. It is anticipated that the integration of technology will continue to significantly contribute to the expansion and progression of the housing industry in Bangladesh.

However, the pandemic has caused financial pressures on borrowers, resulting in defaults on home loans and rent payments. While some solutions exist to address the issues, such as extending repayment periods, refinancing facilities, and financial packages from the government for genuinely affected borrowers, the overall impact on the housing sector remains uncertain.

However, the pandemic has caused a decrease in demand for housing in Bangladesh due to economic uncertainty, affecting property prices in some areas. The supply of housing has also been impacted by a slowdown in construction activities caused by supply chain disruptions and a shortage of skilled labor. The lack of information on the interest rates, repayment terms, and eligibility criteria for financial packages is a hindrance to borrowers seeking assistance. The construction industry's slowdown has resulted in project delays and increased costs, affecting the supply of housing and making it more challenging for developers to provide affordable housing.

In addition to that the housing industry of Bangladesh was indirectly badly affected by the Russia-Ukraine war, resulting in a surge in dollar prices and fuel costs. As a consequence of the war, the housing industry encountered various issues. The increased cost of fuel caused transportation expenses to rise, leading to a surge in the cost of construction materials such as steel, cement, and bricks. This ultimately raised the total cost of construction projects, resulting in challenges for developers to complete projects within budgetary constraints. Additionally, the depreciation of the Bangladeshi taka versus the US dollar due to the war resulted in an increase in the cost of imported materials, including essential commodities such as food. This situation has also had an impact on the affordability of housing for the average citizen. Nevertheless, despite these difficulties, the industry has continued to prosper, fueled by a burgeoning middle class and government initiatives that promote affordable housing.

Despite the challenges, the banking sector is playing a dominant role in the housing sector, and non-banking financial institutions (NBFIs) are also showing an upward trend in growth. Banks are channeling increased amounts of funds to this sector, resulting in a demand-pull effect on the market and attracting new customers. In addition to general NBFIs, specialized housing finance companies like National Housing Finance and Investments Ltd. (NHFIL), DBH Finance PLC, and House Building Finance Corporation, are contributing significantly to fulfilling the financial requirements of individual and corporate clients for their home and commercial installation plans.

As of June 2022, the total outstanding housing loans from banks and financial institutions amounted to BDT 1058.94 billion, which represented 7.8 percent of total credit to the private sector. Private Banks had the dominant position with BDT 589.0 billion in outstanding housing loans as of FY22, followed by SCBs with BDT 259.3 billion and other banks with BDT 45.3 billion in total outstanding of housing loans as of FY22. Specialized housing finance companies with long-term deposits collection held a significant position of BDT 94.0 billion in loans as of FY22.

#### KEY STRENGTHS OF NHFIL

NHFIL is a prominent and reputable player in the housing finance sector in Bangladesh, well-known for its unparalleled knowledge and expertise in the industry. With a mission to provide comprehensive support to its customers seeking to build or purchase their homes or commercial properties, NHFIL has built strong and lasting relationships with its clients, making it an expert in the industry. Apart from its customer-focused approach, NHFIL's key strengths also include its efficient management of collections and the control of non-performing loans (NPLs). This has resulted in strong financial performance, generating increased revenues and profits that create value for its shareholders. NHFIL's ability to provide diversified products and uninterrupted services to clients has also helped the company establish a solid reputation and niche in the market that is unmatched by other funding agencies.

One of NHFIL's core strengths is its ability to provide home loan products to Bangladesh's customers, with an emphasis on offering diversified products and unparalleled services. Thus, NHFIL is committed to provide finance for people's basic need for shelter, which helps to enhance the country's housing environment. With a strong financial position and a customer-centric focus, NHFIL is poised to continue offering high-quality home loan products to customers in Bangladesh.

Throughout its operating history, NHFIL has become a reliable and trusted financing partner for prominent industries and sectors in Bangladesh. Our knowledge and tailored financial solutions serve a wide range of industries including real estate, infrastructure,

manufacturing and services in Bangladesh. The trust NHFIL has gained from these reputed companies is a testament to our ability to provide comprehensive and reliable financing solutions. Our consistent focus on providing long-term financing solutions that meet our client's specific needs makes us the first choice for those seeking reliable residential or commercial property financing in Bangladesh.

Additionally, NHFIL has also recently expanded its reach and visibility by opening the Khulna Branch and the Sales Center in Uttara, which operates under its Gulshan Branch. These new locations allow NHFIL to cater to a broader range of customers while also providing increased accessibility and convenience to its services. NHFIL's strategic expansion plan aims to capitalize on untapped markets, thereby increasing its market share and fortifying its position as an industry leader.

In addition to the branch expansion, NHFIL recognizes the importance of providing innovative and diverse financial solutions that cater to the needs of all customers. As a result, the Board of Directors has decided to commence Shariah-compliant business operations under the Islamic Finance window responding to the growing demand for Shariah-compliant financing products. This decision highlights NHFIL's unwavering commitment to providing comprehensive and inclusive support to all customers, attracting new customer bases, strengthening its brand image, and creating a competitive advantage.

Last but not the least, NHFIL's employees are equipped with the relevant knowledge, skills, and experience to provide prompt and efficient services to clients. The employees receive regular training and counseling, which motivates them to follow best industry practices while dealing with customers. The Board of Directors provides guidance and advice, formulates policies and operational strategies, and ensures NHFIL's services meet the highest industry standards. These practices, together with the expansion plan and innovative financial products, demonstrate NHFIL's dedication to becoming a leading housing finance company nationally and regionally.

Collectively, these strengths enable NHFIL to deliver superior services in the housing finance sector while protecting and preserving the interests of its shareholders and stakeholders. These strengths also position NHFIL as a reliable and trustworthy partner for businesses and individuals seeking financial support. Whether it's a first-time homebuyer or a seasoned property developer, NHFIL's customer-centric approach ensures that each client receives tailored solutions that meet their unique needs. This personalized service, combined with NHFIL's deep understanding of the market, has earned the company a loyal customer base and a strong reputation in the industry. As NHFIL continues to expand and evolve its operations, it remains committed to providing exceptional services that drive growth and success for its clients.

#### HUMAN RESOURCES- A VITAL ELEMENT TO NHFIL'S SUCCESS

At NHFIL, our culture is centered on a relentless drive to maintain our position as a top performer in the market. Our approach to achieving this goal is through investing in our most valuable asset - our human resources. We recognize that to remain ahead of the curve, it is essential to continually empower and develop our employees through a combination of on-the-job and off-the-job training, as well as knowledge-sharing sessions. This commitment to talent and knowledge management is a top priority for us, and we maintain a succession plan to ensure a pipeline of skilled professionals is always available to fill any gaps or vacancies that arise.

As a company, we are committed to enhance productivity and efficiency. To achieve this, we have implemented a system that links Key Performance Indicators (KPIs) with compensation and incentives. This approach fosters a culture of cost consciousness, value addition, and decentralized decision-making, enabling us to achieve our goals while maintaining a financially stable management status.

In the highly competitive marketplace, we operate in, we recognize the importance of attracting and retaining the best talent. To achieve this, we offer competitive compensation packages and focus on creating a challenging work environment that thrives on collaboration, innovation, and idea generation. By adhering to these policies, we expect to continue achieving our company objectives and targeted growth and maintain our position as a coveted employer in the industry. Ultimately, our goal is to build a brand image reflecting our commitment to commercial and social contributions.

However, we promote diversity, equity, and inclusion in all its operations, recognizing that diverse perspectives, experiences, and backgrounds are essential to driving innovation, creativity, and business success. We have implemented various policies and initiatives to achieve this goal, including fair and inclusive recruitment and hiring processes, regular training on diversity and unconscious bias, flexible work arrangements, inclusive benefits, employee resource groups, supporting diverse suppliers and vendors, and engaging with local communities to promote diversity, equity, and inclusion. Our aim is to foster a culture of inclusion, respect, and equality for all employees and stakeholders, creating a positive work environment and better serve its customers and communities.

#### SOME OF THE TECHNOLOGICAL INNOVATIONS ADOPTED BY NHFIL

- To remain competitive in today's fast-paced business environment, our organization is committed to leveraging technology to automate our credit appraisal and assessment process. Through this, we can proactively identify areas of concern and take corrective action. Additionally, our extensive portfolio and database analysis allows us to identify cross-selling opportunities and expand our lending exposure to quality accounts. By implementing online appraisal tools, we have also been able to streamline our loan disbursement process, reducing waiting times and improving customer service, which has resulted in increased customer satisfaction and loyalty.



- In our effort to provide superior customer service, we have dedicated customer relationship management teams that regularly engage with our customers to identify their needs and provide them with the necessary advisory services. Furthermore, we strive to provide a uniform and seamless experience to our customers across all our branches, with the aim of minimizing their need to visit us, thereby enhancing their convenience. To achieve this, we have established a customer experience team to monitor the activities of our relationship teams and ensure that our objectives are met.
- In addition to these initiatives, we are continuously exploring opportunities for process re-engineering to eliminate inefficiencies that may exist in our operational processes. This is a key strategy in reducing costs, creating value for our shareholders, and providing faster solutions to our customer's issues. To oversee this transformation, we have formed a change management team that will guide and support the implementation of these changes across the organization.

#### INTERNAL CONTROLS

NHFIL has adequate system of internal controls for business process, with regard to operations, financial reporting, fraud control, compliance with applicable laws and regulations etc. These internal controls and systems are devised as a part of the principles of good governance and are accordingly implemented within the framework of proper check and balances. A statement titled 'Internal Audit and Internal Control System' has been furnished separately.

#### RISK MANAGEMENT

NHFIL has an ongoing process in place to identify, evaluate and manage Foreseeable Material Risk Factors. This process is detailed in the statement titled 'Risk Management Framework'. The Directors review the above mentioned process on a regular basis.

#### CORPORATE GOVERNANCE

In the management of the Company, the Directors have placed emphasis on conforming to the best corporate governance practices and procedures. Accordingly, systems and structures have been introduced or improved from time to time to enhance risk management measures and to improve accountability and transparency. A separate report on Corporate Governance is given while the Company's Compliance Status pursuant to Condition No 1(5)(xxvii) of Corporate Governance Code issued by BSEC vide Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 is shown in Annexure-VIII.

#### ENVIRONMENT FRIENDLY POLICY ADOPTED BY NHFIL

The impact of climate change on human civilization and the greenhouse effect is a global concern, and as such, our company is actively exploring the opportunities presented by "Green Finance". We recognize the urgent need to respond responsibly to the threats facing Bangladesh, which comprises the low-lying delta of the Ganges-Brahmaputra-Meghna Delta (GBM Delta) and are sincerely investigating the potential of green buildings, renewable energy, energy-efficient projects, waste management capacity development, and initiatives aimed at ensuring the safety and security of factory workers.

Our planet's climate is an interconnected network of the sun, earth, oceans, wind, rains, snow, forests, deserts, savannahs, and human activity plays a pivotal role in this system. Human actions have a significant positive and negative impact on the global climate, leading to abrupt sea-level rise, elevated temperatures, excessive rainfall, drought, frequent floods, cyclones, and worsening health risks.

We understand the gravity of these colossal, looming problems and have therefore instructed our Board to prioritise "Green Finance" wherever possible. Our company is poised and ready to take action towards reducing negative impacts and promoting sustainable development.

#### FINANCIAL PERFORMANCE

The Company's financial performance over 1st, 2nd, 3rd and 4th quarters of 2022 and the year in compare to the yearly performances of 2021 are given below in the context of its fair disclosure policy.

(Amount in BDT Million)

Particulars	2022					2021
	Q1	Q2	Q3	Q4	Yearly	
Net interest income	161.60	154.53	150.61	71.57	538.31	648.00
Total operating income	174.18	177.81	174.20	94.28	620.47	727.49
Total operating expenses	46.90	63.06	51.28	54.12	215.36	201.31
Profit before provisions	127.28	114.75	122.93	40.15	405.11	526.18
Provision for loans/ Investments	0.65	3.31	2.92	(10.07)	(3.19)	89.96
Profit before taxes	126.62	111.45	120.01	50.22	408.30	436.22
Provision for taxes	40.00	43.66	39.55	21.95	145.16	174.93
Net profit after taxation	86.62	67.79	80.46	28.27	263.14	261.29

The quarterly performance above clearly depicts the changing of operating environment over the year. Worldwide dollar crisis in the last phase of the year which significantly resulting in a dint in the profit before provision during the fourth quarter result. Net Interest Income collapsed in the fourth quarter due to decline of interest income as well as increasing of interest expenditure. The provision is comparatively high in the second and third whereas significantly low in the fourth quarter. The second quarter decreased in profit before provisions due to economic recession in the second half of the year due to foreign exchange crisis in the country. Despite of falling total operating income by 14.71% in 2022, our total net profit after tax increased by 0.71% in 2022 due to significant decrease of provision in 2022 as the Bangladesh Bank circular that restrained downgrading of classification was lifted that quickly led to classification of portfolio accounts.



#### DEVELOPMENT ACTIVITIES

To enhance our business activities in 2022, several measures were taken. In line with our goal to diversify our business portfolio, the Board of Directors has proposed to establish a separate business wing to operate Shariah-based Business under Islamic Banking Principles, subject to regulatory approval from the Bangladesh Bank and completion of legal and operational formalities. The company has also decided to sponsor an open-end Mutual Fund, namely the BMSL National Housing Growth Fund, with a prospectus approved by BSEC in March 2023. Furthermore, the company invested in the 3<sup>rd</sup> Subordinated Bond of Eastern Bank Limited, demonstrating our commitment to expanding our investment portfolio.

In alignment with our vision of extending our services throughout Bangladesh, NHFIL has opened a new branch in Khulna and a sales centre in Uttara. Strengthening our marketing activities, we have increased the number of business associates in our marketing team. Additionally, we have entered into several MOUs with promising real estate developers to procure new business. We are confident that these strategic steps will enable us to increase our business activities efficiently and effectively.

#### FINANCIAL STATEMENTS

The Financial Statements of NHFIL have been prepared in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) and complying with the requirements of DFIM Circular No.: 11 dated 23 December 2009 issued by Department of Financial Institutions and Markets of Bangladesh Bank and the provisions of Bangladesh Bank's other circulars and guidelines, the Companies Act 1994, the Securities and Exchange Rules 1987, the Dhaka Stock Exchange (Listing) Regulations 2015 and the Chittagong Stock Exchange (Listing) Regulations 2015. The Financial Statements for the year ended 31 December 2022 signed by the Chairman, a Director, the Managing Director and the Company Secretary and duly audited are given as an integral part of this Report.

#### DISCLOSURES REGARDING FINANCIAL STATEMENTS

The Directors are responsible for the preparation of Financial Statements of NHFIL to reflect a true and fair view of its state of affairs of the Company complying with applicable laws, standards and principles.

The Directors do hereby confirm, in compliance with the Corporate Governance Code of BSEC, that

- the financial statements present fairly the Company's state of affairs, the result of its operations, cash flows and changes in equity;
- proper books of accounts of the Company have been maintained;
- appropriate accounting policies have been consistently applied in preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment;
- International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure therefrom has been adequately disclosed in the Notes to the Financial Statements;
- the system of internal control is sound in design and has been effectively implemented and monitored;
- no significant variance occurred between quarterly financial performance and annual financial statements of the Company;



- there were no significant deviation from the last year's operating results of the Company;
- and
- the Managing Director & Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) of the Company have jointly certified to the Board that
  - (a) they have reviewed the financial statements for the year
  - and
  - (b) to the best of their knowledge and belief:
    - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and
    - (ii) 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;
    - and
    - (iii) there are no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the Company's Board or its members.

As required under Condition No. 1(5)(xxvi) and Annexure-A of the Corporate Governance Code of BSEC, a Declaration of CEO & CFO regarding Financial Statements of the Company has been disclosed separately.

#### ADDITIONAL DISCLOSURES

In compliance with the Corporate Governance Code of BSEC and in accordance with good governance practices, the Directors do hereby confirm that -

- key operating and financial data of preceding 5 (five) years have been disclosed separately;
- there are no significant doubts upon the Company's ability to continue as a going concern;
- there is no extraordinary gain or loss during the year;
- there are no significant changes in the Company's fixed assets and the market value;
- and
- the company had not enabled any of its directors to acquire benefits by means of acquisition of share or debentures of the company or anybody corporate.

#### DISCLOSURE REGARDING AUDIT INFORMATION

The Directors confirm that:

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

#### AUDITORS' REPORT

The Auditors M/s Islam Aftab Kamrul & Co. Chartered Accountants carried out the audit on the Financial Statements (FSs) of the Company for the year ended 31 December 2022 and their report thereon along with the FSs, as required by the Companies Act 1994, is given as an integral part of this Report. There is no adverse opinion or observations or findings in the Auditors' Report.

#### SIGNIFICANT ACCOUNTING POLICIES

Significant Accounting policies adopted in the preparation of the Financial Statements have been stated in the Notes to the Financial Statements.

#### GOING CONCERN

Details about going concern assessment of NHFIL are presented in Statement of Going Concern.

#### CAPITAL EXPENDITURE

Total capital expenditure on acquisition of property, plant and equipment and intangible assets of NHFIL as at 31 December 2022 amounted to BDT 298.11 million which were BDT 311.55 million as at 31 December 2021. Details are given in Annexure-A of the Financial Statements.

#### INTEREST IN OTHER ENTITIES

According to IFRS 12, NHFIL does not have any interest in other entities.

#### RELATED PARTY TRANSACTIONS

The transactions that could be classified as Related Party Transactions in terms of "IAS 24: Related Party Disclosure" have been disclosed in Note 53 under the Notes to the Financial Statements.

#### CREDIT RATING

On 30 June 2022, Credit Rating Information and Services Ltd. (CRISL) assigned 'AA<sup>(9)</sup>' Rating in the Long Term, 'ST-2' Rating in the Short Term and "Stable" Outlook to the Company based on Financial Statements upto 31 December 2021. In Long Term Rating Scales and Definitions Banks/FIs rated as 'AA' indicates 'High Safety for Timely Repayment' while in Short Term Rating Scales and Definitions ST-2 indicates 'High Certainty of Timely Repayments of Financial Commitments'.

#### SHAREHOLDING PATTERN

NHFIL's Shareholding Pattern as on 31 December 2022 is disclosed in detail in the Report on Corporate Governance and also in the Financial Statements. However, a Shareholding Pattern prepared as per Condition of the Corporate Governance Code is disclosed as Annexure-IV.

#### BOARD MEETINGS AND ATTENDANCE BY THE DIRECTORS

During the year 2022, 10(ten) Meetings of the Board were held. Attendance of the Directors is disclosed as Annexure-II.

#### REMUNERATION OF DIRECTORS

Summary of remuneration paid to the Directors including Independent Directors is stated in Annexure-III.

#### MINORITY INTERESTS

In compliance with condition no. 1(5)(xvi) of the Corporate Governance Code-2018, the Board hereby confirms that the interests of the minority shareholders have been duly protected in the Company.

#### PROPOSED DIVIDEND

NHFIL has earned a net profit after tax of BDT 263.14 million as against BDT 261.29 million in the previous year. The Board of Directors recommended 15% Cash Dividend i.e. BDT 1.50 for each share for the year ended 31 December 2022, subject to approval at the 24<sup>th</sup> Annual General Meeting. The Board herewith states that no stock dividend as interim dividend was considered during the year or will be considered in future.

#### PLAN FOR UTILIZATION OF UNDISTRIBUTED PROFITS

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

#### RESERVES

A summary of the reserves of NHFIL is as follow:

(Amount in BDT)

Particulars	2022	2021
Statutory Reserve	683,065,157	630,437,167
Retained Earnings	416,449,939	381,484,780
<b>Total Reserves</b>	<b>1,099,515,097</b>	<b>1,011,921,947</b>

#### ELECTION/RE-ELECTION OF DIRECTORS

In terms of the Shareholders' Agreement and as per provisions of the Companies Act 1994, the following Directors shall retire at the 24<sup>th</sup> AGM:

Directors to Retire	Organization Represented
Mr. Md. Kazim Uddin	National Life Insurance Co. Ltd.
Mr. Akhtar Ahmed	Reliance Insurance Limited
Mr. A.K.M. Moinuddin FCA	Bangladesh Lamps Ltd.

Each of the retiring Directors shall be eligible for re-election as Director at the 24<sup>th</sup> AGM. Brief Resume of the said Directors mentioning their area of expertise and their interests in other companies have been disclosed separately.

#### APPOINTMENT / RE-APPOINTMENT OF AUDITORS

The Company's Auditors M/s Islam Aftab Kamrul & Co., Chartered Accountants shall retire at the 24<sup>th</sup> AGM. Having completed three years of audit works they are not eligible for re-appointment for the year 2023. Many "A" grade audit firms have expressed their interest to act as auditors. Based on the appraisal by the Audit Committee, the Board recommended for the Appointment of M/s. Mahfel Huq & Co. (Member of AGN International, UK), Chartered Accountants, as the Auditors of the Company for the next Term i.e. for the year 2023 and to continue until conclusion of the 25<sup>th</sup> AGM at a remuneration of Tk. 300,000.00 excluding VAT.

#### APPOINTMENT / RE-APPOINTMENT OF CORPORATE GOVERNANCE AUDITORS

The Corporate Governance Auditors M/s. Jasmin & Associates, Chartered Secretaries, have expressed their interest to be re-appointed as Corporate Governance Auditors of the Company. Based on the appraisal by the Audit Committee, the Board recommended for the Re-appointment of M/s. Jasmin & Associates, Chartered Secretaries, as the Corporate Governance Auditors of the Company for the next Term i.e. for the year 2023 and to continue until conclusion of the 25<sup>th</sup> AGM at a remuneration of Tk. 30,000.00 excluding VAT.

#### 24<sup>TH</sup> ANNUAL GENERAL MEETING (AGM)

The 24<sup>th</sup> AGM of NHFIL will be held on June 11, 2023. In the said meeting of shareholders, in addition to the usual of transacting Ordinary Business few transactions shall take place under Special Business. The objectives of transacting special business are to adopt some resolutions and to make some amendments in the Memorandum and Articles of Association of the Company for -

- changing the Name of the Company from "National Housing Finance and Investments Limited" to "National Housing Finance PLC";
- initiating and operating business of non-banking financial institution based on the Islami Shariah Principles solely or in addition to its traditional business of the Company;
- incorporating the recent amendment in the Companies Act 1994 with respect to Notice Period for General Meetings ;
- facilitating for holding online meetings or holding meetings through digital platform;
- changing the quorum for holding Board Meetings;
- incorporating the provision of alternative means of dividend distribution;
- incorporating recent amendment in the Companies Act 1994 with respect to appointment of liquidator; and
- adopting an amended version of the Memorandum and Articles of Association of the Company incorporating all the amendments to be approved.

#### LIST OF SEPARATE REPORTS, STATEMENTS & ANNEXURES TO THIS REPORT

Here is a list of Annexures to this Report :

- Annexure-I : Report of Audit Committee
- Annexure-II : Attendance in Meetings of Directors
- Annexure-III : Statement on Remuneration to Directors
- Annexure-IV : Shareholding Pattern as per Corporate Governance Code
- Annexure-V : Management's Discussion and Analysis (MDA)
- Annexure-VI : Dividend Distribution Policy
- Annexure-VII : Certificate on Compliance with the Corporate Governance Code
- Annexure-VIII : Statement on Status of Compliance with the Corporate Governance Code

Here is a list of Separate Reports, Statements that would be treated as integral parts of this Report :

- Biographies of the Chairman, Directors, CEO and Senior Managerial Personnel
- Tables, Graphs and Presentations related to performance of the Company
- Key operating and financial data of preceding 5 (five) years
- Financial Statements (FSs) for the year ended December 31, 2022
- Statement on Internal Audit and Internal Control System
- Statement on Interests of Directors in other companies
- Statement on Risk Management Framework

- Report on Corporate Governance
- Statement of Going Concern
- Auditors' Report on FSs
- Disclosure Under Pillar-III Market Discipline
- Declaration by MD & CFO regarding Financial Statements

#### APPRECIATION & GRATITUDE

We would take the opportunity to thank you, the valued shareholders of the Company, and also to express gratitude to our business partners and clients of all strata for remaining with us through odds and ordeals and offering sustained patronage and support. Our purpose and our strong values are the reasons why we all work for NHFIL. They are fundamental to everything we do, particularly in times of significant challenges inside and outside the Company. We would also express appreciation of the valuable contributions of the employees of the Company.



(Mahbubur Rahman)  
Chairman



## REPORT OF AUDIT COMMITTEE

### Composition of the Audit Committee

- The Audit Committee is a sub-committee of the Board. The Audit Committee of the Company was last re-constituted on 02 June 2022.
- Present Composition of the Audit Committee is as follows:

Sl. No.	Name	Designation	Status in the Committee
01.	Mr. Abdul-Muyeed Chowdhury	Independent Director	Chairman
02.	Mr. Md. Kabir Reza, FCMA	Director	Member
03.	Mr. Akhtar Ahmed	Director	Member
04.	Mr. Azmal Hossain	Director	Member
05.	Mr. Siddiqur Rahman Choudhury	Independent Director	Member

### All the Committee Members are Non-Executive Directors.

- The Company Secretary Mr. Md. Sarwar Kamal FCS acts as the Secretary of the Audit Committee.

### Terms of Reference (TOR) of the Audit Committee

- The Board has defined Terms of Reference (TOR) for the Audit Committee. Activities of the Committee are performed as per the said TOR.

### Functions and Activities of the Audit Committee:

During the year ended 31 December 2022, the Audit Committee

- met 5 (five) times in the year 2022 on 28.03.2022, 11.05.2022, 26.07.2022, 22.10.2022 & 29.11.2022; Mr. Mohammad Shamsul Islam, Managing Director as invitee as Ex-officio and Mr. Prabir Shel, HIAC were present in all meetings;
- oversaw the financial reporting process;
- monitored choice of accounting policies and principles;
- monitored Internal Audit and Compliance Process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;
- oversaw hiring and performance of external auditors;
- held meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;
- reviewed along with the management, the annual financial statements before submission to the Board for approval;
- reviewed along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;
- reviewed the adequacy of internal audit function;
- reviewed the Management's Discussion and Analysis before disclosing in the Annual Report;
- reviewed statement of all related party transactions submitted by the management;
- reviewed Management Letters or letter of internal control weakness issued by statutory auditors;
- oversaw the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors;
- considered the tenure, quality and fees of the auditors and recommended to the Board for appointment of M/s. Islam Aftab Kamrul & Co., Chartered Accountant;

- reviewed impairment methodologies;
- 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 Financial Statements;
- reviewed issues concerning inspection report of Bangladesh Bank;
- reviewed compliance with existing laws & regulations;
- reviewed its Terms of Reference to satisfy itself that they enable the Committee to fulfill its responsibilities;
- reviewed Credit Risk Management Manual;
- reviewed Anti Money Laundering and Combating the Financing of Terrorism Policy;
- reviewed IT policy;
- monitored prevailing of appropriate administration culture;

### Reporting by the Audit Committee:

- The audit Committee reports on its activities to the Board of Directors.
- Pursuant to Condition No. 5(6) of the Corporate Governance Code issued by BSEC, the Committee reports that it did not find any conflict of interest, irregularity, material defect in the Internal Control System. There are no infringement of laws, rules and regulations also.
- The Committee is of the view that risk management associated with the business of the Company is adequately controlled.

On behalf of the Audit Committee



(Abdul-Muyeed Chowdhury)  
Chairman  
Audit Committee

## ATTENDANCE IN MEETINGS OF DIRECTORS

### BOARD MEETING AND ATTENDANCE OF DIRECTORS

During the year 2022, 10 Meetings of the Board were held. Attendance of the Directors is stated below:

Name of the Directors	Nominated by	Designation	Number of Meetings	
			Held	Attended
Mr. Mahbubur Rahman	Eastland Insurance Co. Ltd.	Chairman	10	10
Syed M. Altaf Hussain	Pragati Insurance Ltd.	Vice-Chairman	10	10
Mr. Md. Kazim Uddin	National Life Insurance Co. Ltd.	Director	10	10
Mr. Akhtar Ahmed	Reliance Insurance Co. Ltd.	Director	10	07
Mr. Muminul Haque Chowdhury	Borak Travels (Pvt.) Ltd.	Director	10	08
Mr. Azmal Hossain	Eastern Insurance Co. Ltd.	Director	10	10
Mr. Md. Kabir Reza, FCMA	Square Pharmaceuticals Ltd.	Director	10	09
Mr. A.K.M. Moinuddin	Bangladesh Lamps Ltd.	Director	10	10
Mr. Abdul-Muyeed Chowdhury		Independent Director	10	10
Mr. Siddiqur Rahman Choudhury		Independent Director	10	10
Mr. Mohammad Shamsul Islam		Managing Director (Ex-Officio member)	10	10

### EXECUTIVE COMMITTEE MEETING AND ATTENDANCE OF EC MEMBERS

During the year 2022, 12 Meetings of the EC were held. Attendance of the EC members is stated below:

Name of the Directors	Designation	Status in the Committee	Number of Meetings		Change During 2022
			Held	Attended	
Mr. Md. Kabir Reza, FCMA	Director	Chairman	12	12	
Syed M. Altaf Hussain	Vice Chairman	Member	12	12	
Mr. Muminul Haque Chowdhury	Director	Member	12	11	
Mr. A.K.M. Moinuddin, FCA	Director	Member	08	08	Appointed on 02.06.2022
Mr. Abdul-Muyeed Chowdhury	Independent Director	Member	12	12	
Mr. Siddiqur Rahman Choudhury	Independent Director	Member	10	10	Appointed on 02.06.2022
Mr. Mohammad Shamsul Islam	Managing Director	Ex-Officio	12	12	

### AUDIT COMMITTEE MEETING AND ATTENDANCE OF AUDIT COMMITTEE MEMBERS

During the year 2022, 05 Meetings of the Audit Committee were held. Attendance of the Audit Committee members is stated below:

Name of the Directors	Designation	Status in the Committee	Number of Meetings	
			Held	Attended
Mr. Abdul Muyeed Chowdhury	Independent Director	Chairman	05	05
Mr. Md. Kabir Reza, FCMA	Director	Member	05	05
Mr. Akhtar Ahmed	Director	Member	05	04
Mr. Azmal Hossain	Director	Member	05	05
Mr. Siddiqur Rahman Choudhury	Independent Director	Member	05	05
Mr. Mohammad Shamsul Islam	Managing Director	Ex-Officio	05	05

## STATEMENT ON REMUNERATION TO DIRECTORS'

DURING THE YEAR 2022

(Amount in Taka)

Name of the Directors	Nominated by	Designation	Board Meeting	EC Meeting	Audit Committee Meeting	Total
Mr. Mahbubur Rahman	Eastland Insurance Co. Ltd.	Chairman	80,000	-	-	80,000
Syed M. Altaf Hussain	Pragati Insurance Ltd.	Vice-Chairman	80,000	96,000	-	176,000
Mr. Md. Kazim Uddin	National Life Insurance Co. Ltd.	Director	80,000	-	-	80,000
Mr. Akhtar Ahmed	Reliance Insurance Co. Ltd.	Director	56,000	-	32,000	88,000
Mr. Muminul Haque Chowdhury	Borak Travels (Pvt.) Ltd.	Director	64,000	88,000	-	152,000
Mr. Azmal Hossain	Eastern Insurance Co. Ltd.	Director	80,000	-	40,000	120,000
Mr. Md. Kabir Reza, FCMA	Square Pharmaceuticals Ltd.	Director	72,000	96,000	40,000	208,000
Mr. A.K.M. Moinuddin	Bangladesh Lamps Ltd.	Director	80,000	64,000	-	144,000
Mr. Abdul-Muyeed Chowdhury		Independent Director	80,000	96,000	40,000	216,000
Mr. Siddiqur Rahman Choudhury		Independent Director	80,000	80,000	40,000	200,000
Mr. Mohammad Shamsul Islam		Managing Director (Ex-Officio member)	-	-	-	-
<b>Total</b>			<b>752,000</b>	<b>520,000</b>	<b>192,000</b>	<b>1,464,000</b>

(INCLUDING AIT EXCLUDING VAT)



## PATTERN OF SHAREHOLDING AS ON 31<sup>ST</sup> DECEMBER 2022

On the basis of shareholders types:

Group Name	No. of Shareholder (s)	No. of Shares	Percentage
Company	171	11,929,966	10.19%
General Public	8,619	33,712,473	28.81%
Investor Account	78	1,072,700	0.92%
Mutual Fund	1	200,000	0.17%
NRB	26	8,700	0.01%
Sponsor Share	15	70,107,361	59.90%
<b>Total</b>	<b>8,910</b>	<b>117,031,200</b>	<b>100.00%</b>

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

Shareholding Range	No. of Shareholder (s)	No. of Shares	Percentage
1-500	3,717	710,531	0.61%
501-5000	3,869	7,291,685	6.23%
5001-10000	622	4,754,179	4.06%
10001-20000	385	5,717,988	4.89%
20001-30000	107	2,735,527	2.34%
30001-40000	41	1,450,881	1.24%
40001-50000	38	1,749,048	1.49%
50001-100000	53	3,879,723	3.32%
100001-1000000	58	13,765,237	11.76%
1000001-above	20	74,976,401	64.06%
<b>Total</b>	<b>8,910</b>	<b>117,031,200</b>	<b>100.00%</b>

As per Condition No. 1(5) (xxiii) of the Corporate governance Code of BSEC :

A. Shareholding status of Parent/Subsidiary/Associated Companies and other related parties  
(Name wise details)

Sl. No	Name of Shareholder	Designation	No. of Share(s) held	Percent (%)
1	Eastland Insurance Co. Ltd.	Director	2,635,624	2.25
2	Pragati Insurance Ltd.	Director	5,324,462	4.55
3	National Life Insurance Co. Ltd.	Director	5,635,624	4.82
4	Borak Travels (Pvt.) Ltd.	Director	2,341,000	2.00
5	Eastern Insurance Co. Ltd.	Director	4,669,067	3.99
6	Reliance Insurance Ltd.	Director	5,635,624	4.82
7	Bangladesh Lamps Ltd.	Director	5,635,603	4.82
8	Square Pharmaceuticals Ltd.	Director	5,525,795	4.72
9	Sadharan Bima Corporation	Sponsor	5,635,604	4.82
10	Jiban Bima Corporation	Sponsor	5,288,910	4.52
11	United Commercial Bank Ltd	Sponsor	5,635,624	4.82
12	IFIC Bank Ltd	Sponsor	5,288,910	4.52
13	National Bank Ltd	Sponsor	5,643,000	4.82
14	Shaw Wallace Bangladesh Ltd.	Sponsor	2,588,910	2.21
15	HRC Bangladesh Ltd	Sponsor	2,623,604	2.41

B (i) Directors and their spouses and minor children (name wise details)

Sl. No	Name of the Director/ Shareholder	Nominated by	Designation	No. of Share(s) held	Percent (%)
1	Mr. Mahbubur Rahman	Eastland Insurance Co. Ltd.	Chairman	Nil	Nil
2	Syed M. Altaf Hussain	Pragati Insurance Ltd.	Vice-Chairman	Nil	Nil
3	Mr. Md. Kazim Uddin	National Life Insurance Co. Ltd.	Director	Nil	Nil
4	Mr. Akhtar Ahmed	Reliance Insurance Co. Ltd.	Director	Nil	Nil
5	Mr. Muminul Haque Chowdhury	Borak Travels (Pvt.) Ltd.	Director	Nil	Nil
6	Mr. Azmal Hossain	Eastern Insurance Co. Ltd.	Director	Nil	Nil
7	Mr. Md. Kabir Reza, FCMA	Square Pharmaceuticals Ltd.	Director	Nil	Nil
8	Mr. A.K.M. Moinuddin	Bangladesh Lamps Ltd.	Director	Nil	Nil
9	Mr. Abdul-Muyeed Chowdhury		Independent Director	Nil	Nil
10	Mr. Siddiqur Rahman Choudhury		Independent Director	Nil	Nil
11	Mr. Mohammad Shamsul Islam		Managing Director (Ex-Officio member)	Nil	Nil

B. (ii) Shareholding status of CFO, CS and Head of Internal Audit & their spouses & minor children  
(name wise details)

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

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

Name of the Executive	Designation	No. of Share(s) held	Percent (%)
Mr. Shital Chandra Saha	Executive Vice President	Nil	Nil
Mr. Md. Nazrul Islam	SVP & Head of Principal Branch	Nil	Nil
Mr. Md. Abdul Baten	VP & Head of Recovery	Nil	Nil
Mr. Abu Naser Md. Ahad Sarkar	Vice President	Nil	Nil
Mr. Mahbubur Rashid Al-Amin	VP & Head of Business	Nil	Nil

D. Shareholders holding ten percent (10%) or more voting interest in the company (name wise details) : Nil

## MANAGEMENT DISCUSSION AND ANALYSIS (MDA)

On the basis of the Corporate Governance Code, 2018 the management of NHFIL has prepared the following analysis in relation to the company's position and operations along with brief discussion of changes in the financial statements among others, focusing on:

### 1. Accounting policies and estimation for preparation of financial statements:

Financial statements have been prepared on a going concern basis and accrual method under historical cost convention and therefore did not take into consideration of the effect of inflation. The preparation and presentation of the financial statements and the disclosure of information have been made in accordance with the DFIM circular no. 11 dated 23rd December 2009 in conformity with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS), the Companies Act 1994, the Financial Institutions Act 1993, Securities and Exchange Rules 1987, the Listing Regulations of Dhaka and Chittagong Stock Exchanges and other applicable laws & regulations in Bangladesh and practices generally followed by Housing Finance Institutions.

Bangladesh Bank is the primary regulator of Financial Institutions, Bangladesh Bank's guidelines, circulars, notifications and any other requirements are given preference to IAS and IFRS, where any contradictions arises. Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.

### 2. Changes in accounting policies and estimation:

The principle accounting policies had been consistently maintained since inception of the Company except the changes in the Depreciation Method from Straight Line Method to Reducing Balance Method. The Board of Directors approved the changes (Depreciation Method) in the accounting policies on June 29, 2011. Thus, the cost of the fixed asset is recovered through charging in Profit & Loss Account within a reasonable time.

During the year 2022 the company has not adopted any change in accounting policies and estimates.

### 3. Comparative financial performances with the peer industry

#### Housing Finance Industry

The banking sector is now playing a dominant role in the housing sector. In recent years, significant changes have taken place in total housing loan portfolios. An overall positivity, propelled by a combination of factors, is expected to push growth in the housing finance industry over the long term. The Government is also continuously strengthening its focus on its "Housing for all" mission. According to this mission, Government Employees are getting house loan @5.00% (with a Govt. subsidy of 5.00%). Above all a boost to the affordable housing sector will definitely drive the affordable housing finance industry.

The Non bank financial institution industry is marked by high levels of competition with 34 NBFIs operating in the space. The major housing loan providers are commercial banks, BHFC, DBH, NHFIL, IDLC and other few NBFIs. But NHFIL is doing much better and also disburse a huge amount of money in real estate sector.

NHFIL continued keeping pace outperforming the industry in 2022 in terms of growth of different performance and financial position measures. The movement of growth can be seen by comparing financial data of NHFIL with industry's financial information.

Particulars	NHFIL	Average of Top Four NBFIs (In terms of Asset Size)
Total Asset (MN Taka)	18,401.74	93,720.19
Total Equity	2,269.83	10,006.08
HML Loan Portfolio (MN Taka)	13,618.11	22,718.97
Growth	4.21%	4.66%
Deposit	12,472.19	57,347.90
Growth	-13.51%	-0.89%
Operating Income	620.47	3,439.52
Profit/ (Loss) before provisions	405.11	1,904.21
Net Profit	263.14	1,036.59
Growth	0.71%	0.60%
NPL Ratio	6.93%	3.85%
Cumulative Written off loan amount (MN Taka)	303.40	806.41
ROA (Annualized)	1.40%	1.26%
ROE (Annualized)	11.82%	11.74%

Source: Financial Statements as on 31 Dec, 2022

The industry is still burdened with an alarming rate of non-performing loans (NPLs) that make funds costlier and operations riskier. NHFIL has achieved moderate level of NPL. Most significantly, NHFIL has tightened its belt and taking coordinated steps to gear up recovery efforts to hold NPL volume to a level where requirements for financial provisions against such loans could be saddled up to a bare minimum with lesser impact on profitability.

The rising trend and volume of written-off loans of NBFIs indicate lack of due diligence while sanctioning credits. In order to reflect the actual position of classified loan, written off loan must be added to the existing amount of classified loan. There is a relationship between NPL and written off loan, if the loan had not been written off, the NPL ratio would have reached too much higher level.

Among all financial institutions & local banks of Bangladesh NHFIL has been rated long term 'AA-' credit rating for the last five years. The level of credit rating provides a very important indication of the financial safety, security and strength of the concerned bank or financial institution and is particularly relevant to its depositors and other investors such as shareholders and lenders.

### 4. Comparative analysis of financial performance and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof

The financial year 2022 has been challenging one with an operating environment, constrained margins and rate volatility both deposits and loans rate. However, we have managed to end the year with satisfactory results.

Considering our management excellence in understanding the home loan business and specialization in human capital, we are pleased with the progress of the company. The following DuPont analysis contains in-depth financial performances, dissecting our current year's results.

#### Comparative analysis of financial performance

Particulars	In mn Taka					
	2022	2021	2020	2019	2018	2017
A. Interest Income	1,456.29	1,620.02	1,910.03	2,051.84	1,995.67	1,392.63
B. Profit After Tax	263.14	261.29	321.39	236.81	275.77	255.15
C. Total Asset	18,401.74	19,059.22	17,782.57	18,239.70	20,978.67	16,163.20
D. Shareholders' Equity	2,269.83	2,182.23	2,096.49	1,892.13	1,774.23	1,700.60
E. Profit Margin (B/A)	18.07%	16.13%	16.83%	11.54%	13.82%	18.32%
F. Asset Turnover (A/C)	7.77%	8.79%	10.60%	10.46%	10.75%	9.80%
G. Financial Leverage (C/D)	8.41	8.61	9.03	10.70	10.69	8.51
H. Return on Equity (E*F*G)	11.82%	12.21%	16.12%	12.92%	15.87%	15.29%

#### Highlights of Key Strengths (DuPont Analysis)

Despite facing numerous external challenges, NHFIL fared well in 2022 in terms of liquidity, solvency and profitability. Our focus has been on improving asset quality, recovering classified loans, enhancing service excellence and rationalizing costs. The underlying reasons behind this year's financial performance has been noted below:

#### Interest Income

Company's total interest income decreased by 10.11% (BDT 163.73mn). Total interest income decreased mainly for following reason:

Due to reduction of Interest rate on loan and advances by Bangladesh Bank, interest income decreased by 10.11% (BDT 163.73 mn) in 2022 compare to the previous year. Besides, Loans and advances grew only by 3.26% to BDT 453.96 mn at year-end 2022 characterized by not a positive turnaround of 2022 which eventually affected the average loan balances and interest income.

#### Interest Expense

Company's interest expense on deposit and borrowing decreased by 5.56% (BDT 54.04mn) primarily due to following reason:

Reduction of Interest rate by Bangladesh Bank on deposit & borrowings decreased interest expense by 5.56% (BDT 54.04 mn) in 2022 compared to previous year. Bangladesh Bank fixed up a cap to collect deposit. As a result, the average cost of deposit decreased compared to the previous year.

#### Net Operating Profit

Due to the negative growth of interest income 10.11% in 2022 Net operating profit of the company decreased by 14.71% (BDT 107.02mn).



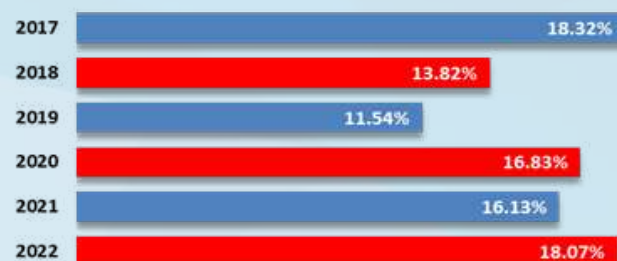
### Profit after Tax

Nevertheless the factors mentioned above, the profit after tax of the company increased by 0.71% (BDT 1.85mn) due to less provision expense. As a result, earnings per share (EPS) in 2022 have also increased to BDT 2.25 (BDT 2.23 in 2021).

### Profit Margin

There is a satisfactory profit margin consistently in the last 5 years. Consistent Profit margin achieved by increasing interest income and reducing costs.

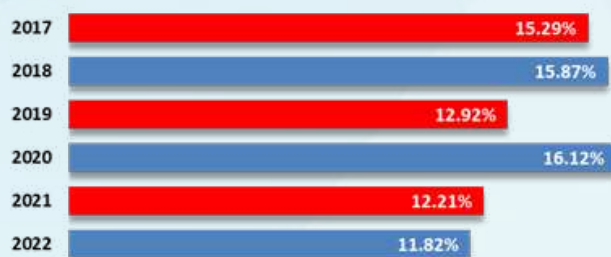
#### Profit Margin



### Return on Equity

There are three major financial metrics that drive return on equity (ROE) of NHFIL: operating efficiency, asset use efficiency and financial leverage. Though faced with numerous challenges, NHFIL has been able to make highest average ROE compared to major competitors in the industry.

#### Return on Equity



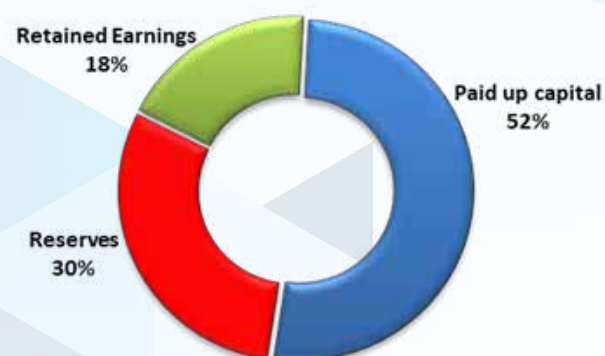
### Outlook

Interest rates volatility during the year appears to have calmed down at the end and expected to have within this range going forward as banks have already more or less adjusted their Advance to deposit (A/D) ratio.

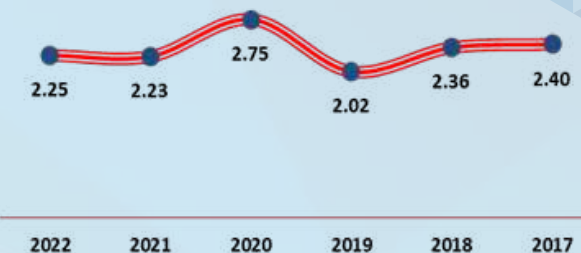
### Capital Adequacy Ratio

NHFIL has been maintaining the healthy CAR since long to comply with the Bangladesh Bank's Prudential Guideline on Capital Adequacy and Market Discipline for FIs.

### Shareholders Fund:



### Earnings per share (BDT)



The earnings per share of the company has increased to Tk. 2.25 in 2022 from Tk. 2.23 in 2021.

### Cash Flow Analysis

Particulars	2022	2021	2020	2019	2018
i) Net cash flows from operating activities	(2,242.49)	1,077.43	592.01	(3,515.98)	2,777.07
ii) Net cash used in investing activities	(482.08)	(32.89)	(691.85)	(94.43)	(1.94)
iii) Net cash used in financing activities	1,088.91	(143.09)	(896.78)	(237.67)	(162.23)
iv) Net increase/(decrease) in cash and cash equivalents (i+ii+iii)	(1,635.67)	901.45	(996.63)	(3,848.08)	2,612.90
v) Cash and cash equivalents at the beginning of the year	3,696.50	2,795.05	3,791.67	7,639.75	5,026.86
vi) Cash and cash equivalents at the end of the year (iv+v)	2,060.83	3,696.50	2,795.05	3,791.67	7,639.75

### Cash Flow from Operating Activities

Cash payment from operating activities before changes in operating assets and liabilities by BDT 2,242.49 mn in 2022 due to more interest payment against deposits and less cash received from term deposit.

### Cash Flow from financing activities

The company paid BDT175.55mn as cash dividend in the year 2022 for the year ended on December 2021.

### Overall scenario

The cash and cash equivalent balance of the company rose to Tk. 2,060.83mn in 2022 compared to Tk. 3,696.50 mn in 2021.

### 5. Risk and concerns as well as the mitigation plan related to the financial statements

NHFIL always concentrates on delivering high value to its stakeholders through appropriate tradeoff between risk and return. A well-structured and proactive risk management system is in place within the Company to address the risks relating to credit, market, liquidity and operations. Details of the Risk Management have been described at notes 3.13 of the Financial Statements.

### 6. Future plan for Company's operation, performance and financial position with justification thereof

Company is planning to continue its operation with a steady outlook. Considering the market condition, NHFIL planned its Annual Business Plan for the year 2023, where the total disbursement target is projected to Tk. 3,000.00mn. The Company expects to maintain healthy returns to its shareholders in line with previous years.

### 7. Capital Adequacy Ratio (CAR)

The CAR (Capital Adequacy Ratio) of NHFIL for the year 2022 stands at 19.89% (compared to the minimum requirement of 10% as per Bangladesh Bank guidelines), exhibiting an upward trend from the previous year's CAR of 18.69%. This represents a significant growth of 6.42% in the organization's capital reserves and indicates that the organization holds a substantial amount of capital in proportion to its risk-weighted assets, thereby ensuring its ability to withstand any potential financial shocks and pursue growth opportunities in the future.

## DIVIDEND DISTRIBUTION POLICY

### 8. Deposit Mobilization and Portfolio:

NHFIL loan portfolio is largely funded by its deposit base, which stood at Tk. 12,472.19million and Tk. 14,421.03 million in 2022 and 2021, respectively. Despite this significant decrease, NHFIL has maintained a sufficient level of liquidity to repay deposits upon maturity or in case of early encashment by clients. NHFIL commitment to maintaining a strong deposit base and effectively managing its liquidity position has helped ensure the company's financial stability and sustainability during the challenging economic landscape. Weighted average rate of interest of deposit portfolio was 7.09% at the beginning of 2022, which increased to 7.04% on December 31, 2022.

### 9. Earnings Per Share (EPS):

The recent economic distress, NHFIL was able to maintain its EPS at a relatively stable level of 2.25 in 2022, only slightly higher than the previous year's EPS of 2.23. NHFIL ability to maintain a relatively stable EPS in a challenging economic environment demonstrates the company's resilience and proactive measures taken to mitigate the effects of the market downturn.

### 10. Dividend Payout Ratio:

The company consistently pays a high level of dividends to its shareholders. In 2022 also, NHFIL proposed 15% cash dividend, which is 66.71% of the net profit after tax. In the last 5 years, NHFIL paid dividends in the range of 50%-84% every year in line with its income and EPS.

### Conclusion

Our ear-on-the-ground approach has enabled us to continually innovate our products to meet newer customer requirements. Additionally, one of our key strengths lies in our ability to have consistently hired the right talent for the right job, especially in key management positions. Combined with a Board of Directors that is well-informed about the industry and empowering about the matters that require swift decision-making, we are able to optimize our resource allocation strategy quickly in response to market variables.

Considering the overall situation, we intend to achieve cautious and healthy growth in earnings in the following year as the COVID situation is expected to improve in upcoming days. However, we intend to pick up pace in the medium term future by leveraging the opportunities of the country's growing economy. Given the well-tested management excellence, goodwill of the company, relationship with the developers and stakeholders, we are well positioned to reap the benefits from such prospects.



(Mohammad Shamsul Islam)  
Managing Director & CEO

This policy will be applicable to National Housing Finance and Investments Limited ("The Company"). This policy is for payment of dividend to shareholders of the company.

- (1) The company pay off the annual or final dividend to the entitled shareholder, within 30 (thirty) days of approval in the AGM; Provided that interim dividend shall be paid off to the entitled shareholder, within 30 (thirty) days of record date.
- (2) Cash dividend distributed in the following manner and procedures, namely:-
  - (i) The company pay off cash dividend directly to the bank account of the entitled shareholder as available in the BO account maintained with the depository participant (DP), or the bank account as provided by the shareholder in paper form, through Bangladesh Electronic Funds Transfer Network (BEFTN)
  - Provided that the company may pay off such cash dividend through bank transfer or any electronic payment system as recognized by the Bangladesh Bank, if not possible to pay off through BEFTN;
  - (ii) The company, upon receiving the claim on cash dividend from a stock broker or a merchant banker or a portfolio manager for the margin client or customer who has debit balance or margin loan, or as per intention of the client of stock broker or merchant banker or portfolio manager, pay off such cash dividend to the Consolidated Customers' Bank Account (CCBA) of the stock broker or to the separate bank account of the merchant banker or portfolio manager through BEFTN;
  - (iii) The company, in case of non-availability of bank account information or not possible to distribute cash dividend through BEFTN or any electronic payment system, issue cash dividend warrant and send it by post to the shareholder;
  - (iv) The company pay off cash dividend to non-resident sponsor, director, shareholder, or foreign portfolio investor (FPI) through the security custodian in compliance with the rules or regulations in this regard;
  - (v) The company, immediately after disbursement of cash dividend and issuance a certificate of tax deducted at source, if applicable, intimate to the shareholder through a short message service (SMS) to the mobile number or email address as provided in the BO account or as provided by the shareholder;
  - (vi) The company maintain detailed information of unpaid or unclaimed dividend and rationale thereof, as per BO account number-wise or name-wise or folio number-wise of the shareholder;

Provided that the company publish the year-wise summary of its unpaid or unclaimed dividend in the website:

Provided further that any unpaid or unclaimed cash dividend including accrued interest (after adjustment of bank charge, if any) thereon, if remains, shall be transferred to a separate bank account of the company as maintained for this purpose, within 1 (one) year from the date of approval or record date, as the case may be.

- (3) The company credit stock dividend directly to the BO account or issue the bonus share certificate of the entitled shareholder, as applicable, within 30 (thirty) days of declaration or approval or record date, as the case may be, subject to clearance of the exchange(s) and the Central Depository Bangladesh Limited (CDBL);
- (4) The company follow the provisions of প্রবিধান ৪৬ of the ডিপজিটরি (ব্যবহারিক) প্রবিধানমালা, ২০০৩ for issuance of bonus shares:

Provided that the company maintains a Suspense BO Account for undistributed or unclaimed stock dividend or bonus shares and shall also follow the under mentioned procedures for ensuring the rightful ownership:

- (i) The company send at least 3 (three) reminders to the entitled shareholder;
- (ii) The Suspense BO Account held under Block Module and such undistributed or unclaimed stock dividend or bonus shares shall not be transferred in any manner except for the purpose of allotting the bonus shares as and when the allottee approaches to the company:

Provided that any corporate benefit in terms of shares accrued on such undistributed or unclaimed stock dividend or bonus shares credited to the Suspense BO Account.

- (iii) The company, upon receiving application from the allottee and after proper verification of identity and his entitlement, credit the bonus shares lying with the Suspense BO Account to the BO account of the allottee, or issue bonus shares to the allottee, as applicable, within 15 (fifteen) days of receiving application with an intimation to the Commission and the exchange(s);
- (iv) Any voting rights on such undistributed or unclaimed stock dividend or bonus shares remain suspended till the rightful ownership claim of the shareholder is established.

- (5) The company submit a compliance report to the Commission and the exchange(s) in a specified format, within 7 (seven) working days of completion of dividend distribution:

Provided that the company publish the compliance report in its website.

- (6) The company not forfeits any unclaimed cash dividend or stock dividend till the claim becomes barred by the law of land in force.





**Report to the Shareholders of  
National Housing Finance and Investments Limited  
on Compliance on Corporate Governance Code**

We have examined the Compliance status to the Corporate Governance Code by National Housing Finance and Investments Limited for the year ended on December 31, 2022. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- (a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission;
- (b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- (c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- (d) The Governance of the company is satisfactory.

For: **Jasmin & Associates**  
Chartered Secretaries

  
Jasmin Akter, FCS  
Chief Executive

Place : Dhaka  
Dated : May 21, 2023

**STATEMENT ON STATUS OF COMPLIANCE WITH THE  
CORPORATE GOVERNANCE CODE**

[As per Annexure-C and Condition No. 1(5)(xxvii) of the Corporate Governance Code]

Status of compliance with the conditions imposed by the Commission's Notification No. SEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969: (Report under Condition No. 9)

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1	BOARD OF DIRECTORS			
1(1)	Size of the Board of Directors: [Number of Board Members to be 5-20]	✓		
1(2)	Independent Directors:			
1(2)(a)	Number of Independent Directors [No. of ID(s) to be at least 1 and 1/5 of Total No.]			
1(2)(b)(i)	ID(s) to hold no share or less than 1% shares			
1(2)(b)(ii)	ID(s) not to be a sponsor or connected with any sponsor or director or shareholder holding 1% or more shares on the basis of family relationship	✓		
1(2)(b)(iii)	ID(s) not to be an executive of the company in immediately preceding two financial years	✓		
1(2)(b)(iv)	ID(s) not to have any pecuniary or otherwise relationship with the company or its subsidiary/associated companies	✓		
1(2)(b)(v)	ID(s) not to be member/ TREC holder/ director/ officer (excepting ID) of any stock exchange	✓		
1(2)(b)(vi)	ID(s) not to be shareholder/ director/ officer of any member or TREC holder of stock exchange or intermediary of capital market	✓		
1(2)(b)(vii)	ID(s) not to be partner/ executive at present or during preceding 3 years of the company's statutory audit firm or firm engaged in internal audit or special audit or professional certifying compliance of the Code	✓		
1(2)(b)(viii)	ID(s) not to be ID in more than five listed companies	✓		
1(2)(b)(ix)	ID(s) not having been convicted as a defaulter in payment of any loan of a bank or NBF1	✓		
1(2)(b)(x)	ID(s) not having been convicted for a criminal offence involving moral turpitude	✓		
1(2)(c)	Appointment(s) of ID(s) to be made by the Board and approved in the AGM	✓		
1(2)(d)	Post of ID not to remain vacant for more than 90 days	✓		
1(2)(e)	Tenure of an ID to be 3 years (may be extended for 1 tenure only and may be reappointed after a gap of 1 tenure after completion of 2 tenures)	✓		
1(3)	Qualification of Independent Director:			
1(3)(a)	An ID to be a knowledgeable individual with integrity, being able to ensure compliance with financial laws, regulatory requirements and corporate laws and having ability make meaningful contribution to the business	✓		
1(3)(b)(i)	An ID to be a Business Leader (being present or former promoter / director of a company listed or having paid-up capital of 100 million or a member of chamber/ association)			NA
1(3)(b)(ii)	An ID to be a Corporate Leader (being present or former MD/ CEO/ AMD/ DMD/ COO/ CFO/ CS/ HIAC/ HAHR/ Equivalent of a company listed or having paid-up capital of 100 million)			NA

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
1(3)(b)(iii)	An ID to be a former official of government or statutory or autonomous or regulatory body in not below 5th Grade having Degree in Economics/ Commerce/ Law	✓		
1(3)(b)(iv)	An ID to be a University Teacher having educational background in Economics/ Commerce/ Business/ Law			NA
1(3)(b)(v)	An ID to be a Professional (Advocate of Bangladesh Supreme Court/ CA/ C&MA/ CFA/ CCA/ CPA/ CMA/ CS or Equivalent)			NA
1(3)(c)	An ID to have at least 10 (ten) years of experiences	✓		
1(3)(d)	Relaxing Qualifications/Experiences subject to prior approval of the Commission in special cases			NA
<b>1(4)</b>	<b>Duality of Chairperson and MD or CEO:</b>			
1(4)(a)	Positions of Chairperson and MD and/or CEO to be filled by different individuals	✓		
1(4)(b)	MD and/or CEO of a listed company not to hold the same position in another listed company	✓		
1(4)(c)	Chairperson to be elected from among the Non-Executive Directors	✓		
1(4)(d)	Board to clearly define respective roles and responsibilities of Chairperson and MD and/or CEO	✓		
1(4)(e)	In absence of Chairperson in a Board Meeting, to elect an Non-Executive Director as Chairperson for that meeting; and reason of such absence to be duly recorded in the minutes			NA
<b>1(5)</b>	<b>Directors' Report (DR) to Shareholders:</b>			
1(5)(i)	DR to include Statement on Industry Outlook and possible future developments	✓		
1(5)(ii)	DR to include Statement on Segment-wise or Product-wise Performance			NA
1(5)(iii)	DR to include Statement on risks and concerns	✓		
1(5)(iv)	DR to include Statement on COGS, Gross Profit and Net Profit Margins	✓		
1(5)(v)	DR to include Statement on Continuity of Extra-Ordinary Activities and their implications (gain or loss)			NA
1(5)(vi)	DR to include Statement on nature of related party and amount, nature and basis of related party transactions	✓		
1(5)(vii)	DR to include Statement on utilization of proceeds raised through public issues, rights issues and/or any other instruments			NA
1(5)(viii)	DR to include Explanation, if financial results deteriorate after going for IPO, RPO, Right Offer, Direct Listing, etc			NA
1(5)(ix)	DR to include Explanation about significant variance between Quarterly and Annual Financial Statements	✓		
1(5)(x)	DR to include Statement on Remuneration to Directors including IDs	✓		
1(5)(xi)	DR to include Disclosure on Preparation of and Fair Presentation in the Financial Statements	✓		
1(5)(xii)	DR to include Disclosure on Maintaining proper books of account	✓		
1(5)(xiii)	DR to include Disclosure on Consistent Application of appropriate accounting policies, and accounting estimates being reasonable and prudent	✓		
1(5)(xiv)	DR to include Disclosure on Following Applicable IAS/IFRS, and adequate disclosure for any departure there-from, if any	✓		
1(5)(xv)	DR to include Disclosure on Soundness in Design and effective implementation and monitoring of Internal Control System	✓		
1(5)(xvi)	DR to include Disclosure on Protection of Minority Shareholders from abusive actions by, or in the interest of, controlling shareholders, and having effective means of redress	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
1(5)(xvii)	DR to include Statement on ability of the Company to continue as a going concern or disclosure of inability to be going concern along with facts and reasons thereof	✓		
1(5)(xviii)	DR to include Statement on significant deviations from last year's operating results highlighting reasons thereof	✓		
1(5)(xix)	DR to include summary of key operating and financial data of last 5 years	✓		
1(5)(xx)	DR to include Statement on reasons for non declaration of Dividend (cash or stock) for the year			NA
1(5)(xxi)	DR to include Statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend	✓		
1(5)(xxii)	DR to include Statement on Number of Board Meetings held and attendance of each director	✓		
1(5)(xxiii)	DR to include Report on Pattern of Shareholding:			
1(5)(xxiii)(a)	DR to include disclosure of aggregate number of shares held by Parent/ Subsidiary/ Associated Cos. and other related parties (name-wise details)	✓		
1(5)(xxiii)(b)	DR to include disclosure of aggregate number of shares held by Directors, CEO, CS, CFO, HIAC and their spouses & children (name-wise details)	✓		
1(5)(xxiii)(c)	DR to include disclosure of aggregate number of shares held by Top 5 Salaried Employees other than Directors, CEO, CS, CFO and HIAC	✓		
1(5)(xxiii)(d)	DR to include disclosure of aggregate number of shares held by Shareholders holding 10% or more voting interest (name-wise details)	✓		
1(5)(xxiv)	<b>In case of appointment/ re-appointment of a director, disclosure to be made to the shareholders:</b>			
1(5)(xxiv)(a)	DR to include a brief resume of the director, in case of his/her appointment/ re-appointment	✓		
1(5)(xxiv)(b)	DR to include a disclosure regarding nature of expertise in specific functional areas of the director, in case of his/her appointment/ re-appointment	✓		
1(5)(xxiv)(c)	DR to include a disclosure regarding names of companies in which the director holds directorship and membership of committees of the board, in case of his/her appointment/ re-appointment	✓		
1(5)(xxv)	<b>DR to include Management's Discussion and Analysis (MDA) signed by CEO or MD:</b>			
1(5)(xxv)(a)	DR to include MDA having brief discussion focusing on accounting policies & estimation for preparation of FSs	✓		
1(5)(xxv)(b)	DR to include MDA having brief discussion focusing on changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes	✓		
1(5)(xxv)(c)	DR to include MDA having brief discussion focusing on comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current year with immediate preceding five years explaining reasons thereof	✓		
1(5)(xxv)(d)	DR to include MDA having brief discussion focusing on comparison of financial performance or results and financial position as well as cash flows with the peer industry scenario	✓		
1(5)(xxv)(e)	DR to include MDA having brief discussion focusing on brief explanation of the financial and economic scenario of the country and the globe	✓		
1(5)(xxv)(f)	DR to include MDA having brief discussion focusing on risks and concerns issues related to FSs, explaining such risk and concerns mitigation plan of the company	✓		



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
1(5)(xxv)(g)	DR to include MDA having brief discussion focusing on future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e. actual position	✓		
1(5)(xxvi)	DR to include disclosure on declaration or certification by CEO and CFO to the Board as required under condition No. 3(3)	✓		
1(5)(xxvii)	DR to include a Report as per Annexure-B as well as Certificate as per Annexure- C regarding Compliance of Conditions of the Code as required under Condition No. 9	✓		
1(6)	Meetings of the Board of Directors: To conduct Board Meetings, to record minutes and to keep required books and records in line with BSS	✓		
1(7)	<b>Code of Conduct for Chairperson, other Board Members and CEO:</b>			
1(7)(a)	Code of Conduct (COC) for Chairperson, other board members and CEO to be laid down by the Board based on recommendation of NRC			The Board has laid down a code of conduct
1(7)(b)	COC, as recommended by NRC, including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers and independency, to be posted on company's website			The code of conduct as laid down by the Board has been posted on the website
2	<b>GOVERNANCE OF BOARD OF DIRECTORS OF SUBSIDIARY COMPANY</b>			
2(a)	Provisions relating to the composition of the Board of the holding company to be made applicable to the composition of the Board of the subsidiary company			NA
2(b)	At least one ID to be common on the boards of both holding and subsidiary companies			NA
2(c)	Minutes of Board Meeting of subsidiary co. to be placed for review at the following Board Meeting of holding co.			NA
2(d)	Minutes of respective Board Meeting of holding co. to state that affairs of subsidiary co. have been reviewed			NA
2(e)	Audit Committee of holding company to review FSs, particularly the investments of subsidiary company			NA
3	<b>MD / CEO, CFO, HIAC and CS</b>			
3(1)	<b>Appointment:</b>			
3(1)(a)	Board to appoint MD/CEO, CS, CFO and HIAC	✓		
3(1)(b)	Positions of MD/CEO, CS, CFO and HIAC to be filled by different individuals	✓		
3(1)(c)	MD/CEO, CS, CFO and HIAC not to hold any executive position in any other company at the same time	✓		
3(1)(d)	Board to clearly define respective roles, responsibilities and duties of CFO, HIAC and CS	✓		
3(1)(e)	MD/CEO, CS, CFO and HIAC not to be removed from their position without approval of the Board as well as immediate dissemination to BSEC and stock exchanges			NA
3(2)	Requirement to attend Board Meetings: MD/CEO, CS, CFO and HIAC to attend the meetings of the Board except such part of a meeting involving consideration of agenda item of their personal matters			
3(3)	<b>Duties of MD/CEO and CFO:</b>			
3(3)(a)(i)	MD/CEO and CFO to certify, to the best of their knowledge and belief, that they have reviewed the FSs which omit no material fact or contain no materially untrue or misleading statement	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
3(3)(a)(ii)	MD/CEO and CFO to certify, to the best of their knowledge and belief, that they have reviewed the FSs which together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws	✓		
3(3)(b)	MD/CEO and CFO to certify that no transaction is fraudulent, illegal or in violation of company's code of conduct for the company's Board or its members	✓		
3(3)(c)	Certification of MD/CEO and CFO to be disclosed in the Annual Report	✓		
4	<b>BOARD'S COMMITTEE</b>			
4(i)	Board to have Audit Committee as its sub-committee	✓		
4(ii)	Board to have Nomination and Remuneration Committee (NRC) as its sub-committee			As per Bangladesh Bank DFIM Circular Letter No. 07 Dt: 25.09.2007, FI's are allowed to form only Audit Committee & Executive Committee as the sub-committee of the Board
5	<b>AUDIT COMMITTEE</b>			
5(1)	<b>Responsibility to the Board of Directors:</b>			
5(1)(a)	Company to have Audit Committee as a sub-committee of the Board	✓		
5(1)(b)	Audit Committee to assist the Board in ensuring the financial statements to reflect true and fair view of company's affairs and a good monitoring system	✓		
5(1)(c)	Audit Committee to be responsible to the Board; duties of Audit Committee to be clearly set forth in writing	✓		
5(2)	<b>Constitution of the Audit Committee:</b>			
5(2)(a)	Audit Committee to be composed of at least 3 members	✓		
5(2)(b)	Members of Audit Committee to be non-executive directors excepting Chairperson, to be appointed by the Board, to include at least one Independent Director	✓		
5(2)(c)	All Members of Audit Committee to be "financially literate"; at least one to have accounting or related financial management expertise with at least 10 years of corporate management or professional experiences	✓		
5(2)(d)	Vacancy in Audit Committee making the number lower than 3 to be filled up immediately or within one month			NA
5(2)(e)	CS to act as the secretary of Audit Committee	✓		
5(2)(f)	No quorum in Audit Committee meeting to constitute without at least one ID	✓		
5(3)	<b>Chairperson of the Audit Committee:</b>			
5(3)(a)	Chairperson of Audit Committee to be an ID, to be selected by the Board	✓		
5(3)(b)	In the absence of Chairperson of Audit Committee, one member to be elected as Chairperson for that meeting if there is a quorum and the reason of absence of the regular Chairperson to be duly recorded in the minutes			NA

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
5(3)(c)	Chairperson of Audit Committee, or in absence of Chairperson any member to be selected, to remain present in AGM, and reason for absence of regular Chairperson to be recorded in the minutes of AGM	✓		
5(4)	Meeting of the Audit Committee:			
5(4)(a)	Audit Committee to conduct at least four meetings in a financial year, and to have authority to convene emergency meeting at the request of any member of the Committee	✓		
5(4)(b)	Quorum of Audit Committee Meeting to be constituted in presence of two members or two thirds of members, whichever is higher, presence of an ID is a must	✓		
5(5)	<b>Role of Audit Committee (AC):</b>			
5(5)(a)	AC to oversee the financial reporting process	✓		
5(5)(b)	AC to monitor choice of accounting policies and principles	✓		
5(5)(c)	AC to monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and to review the Internal Audit and Compliance Report	✓		
5(5)(d)	AC to oversee hiring and performance of external or statutory auditors	✓		
5(5)(e)	AC to hold meeting with the auditors or statutory for review of annual FSs before submission to the Board	✓		
5(5)(f)	AC to review along with the management, annual FSs before submission to the Board	✓		
5(5)(g)	AC to review along with the management, quarterly and half yearly FSs before submission to the Board	✓		
5(5)(h)	AC to review the adequacy of internal audit function	✓		
5(5)(i)	AC to review MDA before disclosing in Annual Report	✓		
5(5)(j)	AC to review statement of all related party transactions	✓		
5(5)(k)	AC to review Management Letters or Letter of Internal Control Weakness issued by statutory auditors	✓		
5(5)(l)	AC to oversee the determination of audit fees and to evaluate the performance of external auditors	✓		
5(5)(m)	AC to oversee whether the proceeds raised through IPO or RPO or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by BSEC Management to disclose to the AC, on quarterly basis, about uses of the proceeds by major category Company to prepare, on annual basis, a statement of proceeds utilized for the purposes other than those stated in offer document or prospectus for publication in Annual Report along with comments of the AC			NA
5(6)	<b>Reporting of the Audit Committee:</b>			
5(6)(a)	<b>Reporting to the Board of Directors:</b>			
5(6)(a)(i)	Audit Committee to report on its activities to the Board	✓		
5(6)(a)(ii)(a)	Audit Committee to report on conflicts of interests, if any, to the Board immediately			NA
5(6)(a)(ii)(b)	Audit Committee to report on suspected/presumed fraud or irregularity or material defect in internal control process or in FSs, if any, to the Board immediately			NA
5(6)(a)(ii)(c)	Audit Committee to report on suspected infringement of laws, regulatory compliances including securities related laws, rules, regulations, if any, to the Board immediately			NA
5(6)(a)(ii)(d)	Audit Committee to report on any other matter which it deems necessary to disclose to the Board immediately			NA

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
5(6)(b)	Reporting to the Authorities: Audit Committee to report its findings to BSEC, if it finds that the rectification proposed to the Board has been unreasonably ignored, upon reporting of such matters to the Board for three times or completion six months from the date of first reporting, whichever is earlier			NA
5(7)	Reporting to Shareholders and General Investors: Report on activities of Audit Committee during the year to be signed by its Chairperson of Audit Committee and to be disclosed in the Annual Report	✓		
6	<b>NOMINATION AND REMUNERATION COMMITTEE (NRC)</b>			
6(1)	Responsibility to the Board of Directors			
6(1)(a)	Company to have NRC as sub-committee of the Board			As stated in condition 4(ii) of the above
6(1)(b)	NRC to assist the Board in formulation of nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executives and policy for formal process of considering their remuneration			"
6(1)(c)	ToR of NRC to be clearly set forth in writing covering the areas stated at the condition no. 6(5)(b)			"
6(2)	Constitution of the NRC:			
6(2)(a)	NRC to comprise at least 3 members including an ID			"
6(2)(b)	All members of NRC to be non-executive directors			"
6(2)(c)	NRC Members to be nominated/appointed by the Board			"
6(2)(d)	Board to have authority to remove and appoint any member of NRC			"
6(2)(e)	Board to fill vacancy in the NRC within 180 days of occurring any vacancy			"
6(2)(f)	Chairperson of NRC to have discretion to appoint or co-opt any external expert and/or member(s) of staff as advisor / non-voting member, if advice or suggestion from such person is felt required or valuable for NRC			"
6(2)(g)	The Company Secretary to act as secretary of NRC			"
6(2)(h)	Quorum of NRC meeting not to constitute without an ID			"
6(2)(i)	No member of NRC to receive any remuneration, directly or indirectly, for any advisory or consultancy or otherwise, other than Director's Fees or Honorarium			"
6(3)	Chairperson of the NRC			
6(3)(a)	Chairperson of NRC to be an ID, selected by the Board			"
6(3)(b)	In the absence of Chairperson of NRC, one of the members to be elected as Chairperson for that meeting if there is a quorum and the reason of absence of the regular Chairperson to be duly recorded in the minutes			"
6(3)(c)	Chairperson of NRC, or in absence of Chairperson any member to be selected, to remain present in AGM to answer the queries of the shareholders, and reason for such absence to be recorded in the minutes of AGM			As stated in condition 4(ii) of the above
6(4)	<b>Meeting of the NRC</b>			
6(4)(a)	NRC to conduct at least one meeting in a financial year			"
6(4)(b)	Chairperson of NRC to have discretion to convene any emergency meeting upon request by any member			"
6(4)(c)	Quorum of NRC meeting to be constituted in presence of two members or two thirds of members, whichever is higher, where presence of an ID is a must			"



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
6(4)(d)	Proceedings of each meeting of NRC to be duly recorded in the minutes and such minutes to be confirmed in the next meeting of NRC			"
6(5)	Role of the NRC			
6(5)(a)	NRC to be independent and responsible or accountable to the Board and to the shareholders			"
6(5)(b)	NRC to oversee, among others, the specified matters and to make report with recommendation to the Board:			
6(5)(b)(i)	NRC to oversee formulating criteria for determining qualifications, positive attributes and independence of a director and to recommend a policy to the Board, relating to remuneration of directors and top level executives			
6(5)(b)(i)(a)	While formulating Nomination & Remuneration Criteria or Policy and making report with recommendation to the Board, NRC to consider the level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully			"
6(5)(b)(i)(b)	While formulating Nomination & Remuneration Criteria or Policy and making report with recommendation to the Board, NRC to consider the relationship of remuneration to performance to be clear and to meet appropriate performance benchmarks			"
6(5)(b)(i)(c)	While formulating Nomination & Remuneration Criteria or Policy and making report with recommendation to the Board, NRC to consider the remuneration to directors and top level executives to involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals			"
6(5)(b)(ii)	NRC to oversee devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality, and to make report with recommendation to the Board			"
6(5)(b)(iii)	NRC to oversee identifying persons who are qualified to become directors and who may be appointed in top level executive positions in accordance with the criteria laid down, and to recommend their appointment and removal to the Board			"
6(5)(b)(iv)	NRC to oversee formulating the criteria for evaluation of performance of independent directors and the Board, and to make report with recommendation to the Board			"
6(5)(b)(v)	NRC to oversee identifying the company's needs for employees at different levels and determining their selection, transfer, replacement and promotion criteria, and to make report with recommendation to the Board			"
6(5)(b)(vi)	NRC to oversee developing, recommending and reviewing annually the company's human resources and training policies, and to make report with recommendation to the Board			"
6(5)(c)	Company to disclose nomination and remuneration policy, evaluation criteria and the activities of NRC during the year at a glance in the annual report			"
7	EXTERNAL OR STATUTORY AUDITORS			
7(1)	External or Statutory Auditors ["Auditors"] not to be engaged to perform certain services of the company:			
7(1)(i)	Auditors not to be engaged to perform appraisal or valuation services or fairness opinions	✓		
7(1)(ii)	Auditors not to be engaged to perform designing and implementation of Financial Information Systems	✓		
7(1)(iii)	Auditors not to be engaged to perform Book Keeping or other services related to the accounting records or FSs	✓		
7(1)(iv)	Auditors not to be engaged in Broker-Dealer services	✓		
7(1)(v)	Auditors not to be engaged in Actuarial services	✓		
7(1)(vi)	Auditors not to be engaged to perform Internal Audit services or special audit services	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
7(1)(vii)	Auditors not to be engaged to perform any service that the Audit Committee determines	✓		
7(1)(viii)	Auditors not to be engaged to perform Audit or Certification Services on Compliance of Corporate Governance as required under condition no. 9(1)	✓		
7(1)(ix)	Auditors not to be engaged to perform any other service that creates conflict of interest	✓		
7(2)	No partner or employee of the external audit firms or his/her family members to possess any share during the tenure of assignment	✓		
7(3)	Representative of external or statutory auditors to remain present in the Shareholders' Meetings (AGM or EGM) to answer the queries of the shareholders	✓		
8	<b>MAINTAINING A WEBSITE BY THE COMPANY</b>			
8(1)	The company to have an official website linked with the website of the stock exchange	✓		
8(2)	The company to keep the website functional from the date of listing	✓		
8(3)	The company to make available detailed disclosures on the website as required under the listing regulations	✓		
9	<b>REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE</b>			
9(1)	Company to obtain a certificate from Practicing CA, CMA or CS regarding Compliance of Conditions of the Code and to disclose such certificate in Annual Report	✓		
9(2)	The professional providing certificate on compliance of the Code to be appointed by the shareholders in AGM	✓		
9(3)	Directors to state in DR, in accordance with Annexure-C of the Code, whether all conditions of the Code have been complied with or not	✓		

## REPORT ON CORPORATE GOVERNANCE

The term Corporate Governance refers to the processes of making decisions and implementing them in accordance with the rules and laws by which businesses are regulated, controlled and operated by the Board and the Management of a corporate entity in order to ensure proper protection of the interests of its valued shareholders and other stakeholders. The philosophy of corporate governance establishes mechanisms for achieving transparency, accountability and integrity between the Board, Senior Management and Shareholders aiming to meet the obligations to and protecting the interests of all stakeholders.

To ensure effective corporate governance the Board of NHFIL puts together company's strategic policies and objectives of the company with the frame work of corporate governance clearly defining the responsibilities of the Board and the Management and also of the employees of the Company and maintaining full compliance with applicable laws, rules and regulations.

Bangladesh Securities and Exchange Commission has issued Corporate Governance Code and thereby imposed various conditions which are mandatory to comply with by all the issuers of securities listed with the stock exchanges of Bangladesh. NHFIL ensures compliance with all applicable conditions of the said Code.

The Status of Corporate Governance prevailing in NHFIL is summarized in this report.

### BOARD OF DIRECTORS, CHAIRMAN AND MANAGING DIRECTOR

#### Composition of NHFIL's Board of Directors

The Board of NHFIL comprises 8 (eight) Nominee Directors and 2 (two) Independent Directors (all being Non-Executive Directors) while the Managing Director in an Ex-officio Member of the Board. The Directors hold regular meetings for smooth functioning of the Company. The Board has laid down a Code of Conduct for all Directors.

#### Present Board of Directors

Name & Description of Director	Position in NHFIL
Mr. Mahbubur Rahman [Representing Eastland Insurance Co. Limited]	Chairman
Mr. Syed M. Altaf Hussain [Representing Pragati Insurance Limited]	Vice Chairman
Mr. Md. Kazim Uddin [Representing National Life Insurance Co. Ltd.]	Director
Mr. Akhtar Ahmed [Representing Reliance Insurance Limited]	Director
Mr. Muminul Haque Chowdhury [Representing Borak Travels (Pvt.) Limited]	Director
Mr. Azmal Hossain [Representing Eastern Insurance Co. Limited]	Director
Mr. Md. Kabir Reza FCMA [Representing Square Pharmaceuticals Limited]	Director
Mr. A.K.M. Moinuddin FCA [Representing Bangladesh Lamps Limited]	Director
Mr. Abdul-Muyeed Chowdhury	Independent Director
Mr. Siddiqur Rahman Choudhury	Independent Director
Mr. Mohammad Shamsul Islam Managing Director	Ex-Officio Member

#### Disclosure regarding Knowledge and Independence of Non-Executive Directors

All the Directors including Chairman but excluding Managing Director are Non-Executive Directors who are independent for the day-to-day functions and activities of the Company. Directors possess thorough knowledge, and a good number of Directors have expertise, in Corporate Laws, Business and Finance & Accounting.

#### Meetings of Directors

Directors have meets in frequently in Board Meetings and Committee Meetings. As per provisions of laws, there must be at least 4 (four) Meetings of the Board in a year. In 2022 the Directors had 10 Board Meetings, 12 Executive Meetings and 5 (five) Audit Committee Meetings.

#### NHFIL's Policy on Appointment of Directors

NHFIL's Policy in relation to appointment of new Director(s) consists the following:

- Regularly reviewing the size and composition of the Board and the level of expertise, skills, experience and perspectives that are required to perform its activities;

- Appointment of a new Director according to the required competencies;
- Appointment by the shareholders in the Annual General Meeting (AGM).
- Filling up Vacancies, if any, by the Board in accordance with the provisions of the Companies Act, 1994 and the Articles of Association of the Company;
- Appointment of Managing Director by the Board subject to approval of Bangladesh Bank.

#### The Chairman and the Managing Director to be separate individuals

The Chairman of the Board and the Managing Director of the Company are separate individuals, and their roles are clearly defined. The Chairman leads the Directors while the Managing Director is the Chief Executive Officer (CEO) of the Company under superintendence of the Board.

#### Role and Responsibilities of the Chairman is defined by the Board

The roles and responsibilities of the Chairman are clearly defined by the Board. The Chairman is taking care of the Board of Directors, leads the Directors and presides over all the meetings of the Board and of the Members. The Chairman serves as the primary link between the Board and the Management working with Managing Director and Company Secretary. It is the Chairman's responsibility to ensure that the Board works effectively and discharges its responsibilities.

#### Compliance with Laws and Code of Conduct

The Board complies with all laws, rules and regulations applicable for the Company and with the Code of Conduct for the Board Members. The Board is immediately informed of any new rules, regulations and/ or changes in existing ones. Both new and existing Directors are provided with the Code of Conduct for the Board Members. The Board is also always kept updated on any development and changes in the business environment, risk and industry outlook to assist them to carry out their duties as Directors.

#### Appraisal of Performance of the Board and of the Directors

Appraisal of Performance of the Board and of the Directors is one of the important regular activities of the Board. Evaluation of the Board's Performance and Performance of its Directors is conducted by the Board at least once a year.

#### Annual Evaluation of the Managing Director by the Board

The Board of Directors evaluates the performance of the Managing Director in each year based on the goals set for him considering the company's vision and mission. The annual financial budget and other job objectives are discussed, reviewed and finalized by the Board at the beginning of the year. The Board considers both financial and non-financial goals during the appraisal.

#### Remuneration of Directors, Chairman, Managing Director and Senior Executives

The Directors are paid only honorarium for attending Board or Committee Meetings. A Director receives an honorarium of Tk. 8,000 for attending each of the Meeting. During 2022, the expenditures incurred related to remuneration of Directors, Managing Director and Senior Executives are shown in the notes to the Financial Statements.

#### SETTING OF VISION, MISSION, STRATEGY ETC.

##### Vision and Mission are approved by Directors

The Board of Directors has approved the vision and the mission statements of the Company and strictly maintains and ensures that within the organization there is strong belief about and every individual complies with them. The Vision and Mission Statements are posted on the website of the Company and usually disclosed in the annual report.

##### Business Objectives and Areas of Business Focus

The Board sets business objectives. Areas of Concentration or areas of business focus are set according to the objectives and the market condition. The latest or existing business objectives and areas of business focus are posted on the website of the Company and usually disclosed in the annual report.

##### Strategies to achieve the Business Objectives

A Strategic Plan is set up by the Board at the beginning of the year aligned with the business objectives and strategies for the year. The Board gives direction to the Management of the NHFIL on how it is to be managed for the upcoming year. Strategies set to achieve the business objectives are posted on the website of the Company and usually disclosed in the annual report.

#### BOARD COMMITTEES

As per the Corporate Governance Code of BSEC, every listed company shall have an Audit Committee and a Nomination & Remuneration Committee as sub-committees of the Board. On the other hand, as per the Bangladesh Bank DFIM Circular Letter No. 07 Dated 25.09.2007, an NBF is allowed to form only Audit Committee and Executive Committee as sub-committees of the Board. Accordingly, the Board of NHFIL has constituted an Audit Committee and an Executive Committee. However, a Remuneration Committee comprised of the management personnel of NHFIL has been formed.



## AUDIT COMMITTEE

### Composition of the Audit Committee

As per the Corporate Governance Code of BSEC and in accordance with the Bangladesh Bank Guidelines, the current Audit Committee of NHFIL consists of 5 members including 2 independent directors.

### Audit Committee Chairman is an Independent Non-Executive Director

As per the Corporate Governance Code of BSEC, the Chairman of the Audit Committee shall be an Independent Director. Accordingly, the Board of NHFIL selects an independent non-executive director as the Chairman of the Audit Committee. The present Chairman of the Audit Committee is Mr. Abdul-Muyeed Chowdhury who is an experienced individual and qualified to be the Chairman of the Audit Committee. Mr. Abdul-Muyeed Chowdhury joined the erstwhile Civil Service of Pakistan (CSP) in 1967 and worked for almost 33 years in administrative, management, policy level posts in different tiers of the government as a career civil servant. His last position was the Secretary of Internal Resources Division (IRD) of the Ministry of Finance and the Ex-officio Chairman of National Board of Revenue (NBR). He was an Advisor to the Non-party Caretaker Government of Bangladesh. Mr. Muyeed holds Bachelor of Arts Degree in History and Masters of Arts Degree (1st Class) from the University of Dhaka. He also attended and obtained Certificate of Participation in an acceptable program of special study in Political Science, Public Administration in the University of Tennessee, Knoxville.

### Internal Audit Activity Investigation

The Audit Committee follows its terms of reference (ToR) so that it could function effectively and smoothly. These ToR defines the roles and responsibilities of the Audit Committee. The committee is also empowered to investigate/question employees and retain external counsel if required.

### All Members of the Audit Committee are suitably qualified

All Members of the Audit Committee are qualified and have years of experience in banking and financial sector reforms. They are also very competent and come from a variety of educational backgrounds, which brings diversity in the Committee. One Member of the Audit Committee is a Fellow Cost and Management Accountant; hence he brings a high level of expertise in the areas of Finance and Accounting to the Committee.

### Access of Head of Internal Audit's in the Audit Committee

In NHFIL the duties and responsibilities of Head of Internal Audit are vested upon Head of Internal Audit and Compliance (HIAC) who has always access to the Audit Committee and can raise his concerns whenever is required.

### Ensuring Efficiency of Internal Audit System

The Committee performs an annual assessment of the efficiency of the Company's Internal Audit Functions and certifies whether the Internal Audit System of the Company has sufficient resources to accomplish its duties.

### Ensuring Effective Coordination of External Audit Function

It is vital that there is open communication between the auditor and the audit committee to ensure the best utilization of their resources. This communication also helps in assessing the auditor's performance.

The Audit Committee analyses the audited financial statements with management and the external auditors to ensure that the Company's Financial Statements are objectively presented in compliance with the relevant International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) in all substantial aspects. External Auditors are requested to attend the audit committee meeting wherein Company's Financial Statements placed for review and recommendation.

The external auditors maintain communication with the audit committee based on the requirement of the key audit issues raised regarding accounting or auditing during the course of the audit, which gives rise to a greater risk of material misstatement of the financial statements and concerns regarding the audit committee.

### Ensuring Independence of External Audit Function

The external auditors must be independent and comply with the statutory and regulatory independence requirements for auditors. It is also important that the auditor is technically competent and exercise a high level of objectivity and professional integrity. The Audit Committee evaluates and ensures whether the auditors have demonstrated independence, objectivity and professional integrity.

External Auditors are not involved in any engagement that directly or indirectly threatens their independence. The Audit Committee must ensure this matter. If any work is being done by the external auditors, the Audit Committee must approve before the work commences. In short, the Audit Committee is responsible that the independence of the external auditors is not comprised under any circumstance. The Audit Committee reviews and approves any non-audit work assigned to the external auditor and ensures that such work does not compromise the independence of the external auditor.

### Reviewing the External Auditors' Findings

The Audit Committee extensively reviews all findings of the external auditors and ensures that management is informed and is taking action for resolving any discrepancies. Before the financial statements are signed, the audit committee reviews all the findings and ensures that they are satisfied with the actions that management has taken.

## Recommending for Appointment/Re-appointment of External Auditor

The Audit Committee does an extensive review on the audit work done by the existing external auditors. The Audit Committee evaluates the auditors and ensures that there were no threats to independence or any other issues of conflicts of interest with the auditors. The Audit Committee scrutinizes the applications or expressions of interest to be appointed or reappointed as the external auditors and recommends for appointment/reappointment. In this process, Bangladesh Bank DFIM circular No. 04, dated 30 April 2015 is strictly followed without any deviation.

## Reviewing of Annual and Interim Financial Reports

As per the Corporate Governance Code of BSEC, the Audit Committee assesses along with management, the interim and annual financial statements before recommending to the Board for approval. The Audit Committee always ensures that the financial statements reflect a true and fair view of the company.

## Reporting of the Audit Committee

The Audit Committee reports on its activities to the Board. As per the Corporate Governance Code of BSEC, the Audit Committee is responsible to report immediately to the Board on conflicts of interests, or on suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or on suspected infringement of laws or regulatory compliance including securities related laws, rules and regulations or on any other matter which the Audit Committee deems necessary to the Board immediately. A report on activities carried out by the Audit Committee, including any report made to the Board is disclosed in the Annual Report.

## EXECUTIVE COMMITTEE

The Executive Committee (EC) of NHFIL consist of 6 (six) Members comprising 4 (four) Non-executive Nominee Directors and 2 (two) Independent Directors.

The EC 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's approval. For discharging the duties and responsibilities, 12 (twelve) Meetings of the EC of NHFIL were held during 2022.

As per Bangladesh Bank Guideline, the Chairman of the Executive Committee is a Director who is not involved in the day to day operations of the Company. The present Chairman of the EC is Mr. Md. Kabir Reza, FCMA who is the group Executive Director of Square Pharmaceuticals Ltd. and long experienced professional in the corporate group and qualified to be the Chairman of the Executive Committee. The Board reviews the performance of Executive Committee on yearly basis.

## REMUNERATION COMMITTEE

Since Directors cannot be part of any committee except for Board Audit Committee and Board Executive committee the Remuneration Committee of NHFIL is comprised of the management personnel of NHFIL. Remuneration Committee of NHFIL consists of three members. It comprises Managing Director, a Senior Vice President and the Head of HR while the Head of HR acts as the Member Secretary.

The Roles and Responsibilities of the Committee are

- To review the effectiveness of remuneration policy to ensure that whether the Board's set objectives and expectations are being met.
- To ensure that an effective remuneration policy, procedure and practice are in place, aligned with the organization's strategy, and is applied consistently for all employee levels.
- To ensure that the structure and mix of fixed and variable pay and other elements are in alignment with the overall business objectives.
- To guide and give suggestion to HR team during preparation and review of any policy or process related to compensation and benefits.
- To ensure that all benefits, including retirement benefits and other financial arrangements, are justified, appropriately valued and promoting the performance based reward & recognition etc.

Meetings regarding overseeing the remuneration related policy by the Committee are held on need basis at a regular interval throughout the year. So, if any remuneration related issue needs committee's attention, it is placed as agenda for necessary review. However, if required, the meeting is held on need basis to review and discuss any remuneration related issue exclusively.

In addition to the regular roles and responsibilities, the Committee assist in formulation of remuneration related policies and practices in alignment of the NHFIL's short and long-term business objectives.

## INTERNAL CONTROL SYSTEM

There exists an effective internal control system in the Company. The Board has been active in establishing appropriate systems of internal control, has zero tolerance to any type of fraud and promotes a sound and strong internal control system. A statement on internal control system is given separately in the Annual Report.



## RISK MANAGEMENT FRAMEWORK

NHFIL has a well-structured and proactive risk management framework. For the purpose of management of risks, NHFIL considers guidelines for managing core risks of financial instructions issued by Bangladesh Bank, vide FID Circular No. 10 dated 18 September 2005 for management of risks and DFIM Circular No. 03 dated 24 January 2016. A statement on risk management framework is given separately in the Annual Report.

## ETHICS AND COMPLIANCE

### Ethics and Values

NHFIL has an 'Employee Code of Ethics' – a framework of ethical behavior for all the employees of the organization.

The leaders/managers are required to exemplify the highest standards of conduct and ethical behavior. The leaders/managers are expected to:

- Lead according to NHFIL standards of ethical conduct, in both words and actions.
- Create and maintain an environment where employees feel comfortable asking questions or reporting concerns.
- Be diligent in enforcing the FI's ethical standards and taking appropriate action if violations occur.
- Contact the Human Resources Division when in need of assistance.

### The code of employee ethical behavior gives focus on the followings:

- Protecting Privacy of Customers' and Confidential Company Information,
- Preventing Money Laundering and/or Fraud,
- Avoiding Drug/ Substance/ Alcohol Abuse in the Workplace
- Protecting FI's assets
- Avoiding any conflict of interest etc.

The Board of NHFIL has approved the 'Employee Code of Ethics' with a commitment to setting high ethical standards so that customers' expectations and interests are protected in a compliant manner.

The Board has a commitment to establish the highest levels of ethics and compliance. The NHFIL remains committed to upholding the highest standards of ethics and compliance by its employees. This commitment is reflected in its Code of Conduct that covers, among other issues, the following areas:

- Their relationship with and responsibilities to NHFIL.
- Their relationship with and responsibilities to customers.
- Compliance with laws and regulations.
- Acting in a professional and ethical manner.
- Protection of business assets.
- Disclosure of conflicts of interest.
- Prohibition of any conduct involving dishonesty, fraud, deceit or misrepresentation including insider trading.

### Dissemination of the statement of ethics and business practices

All NHFIL employees are required to sign a declaration form confirming that they have read and understood the Code of Conduct. The Human Resources department circulates the required declaration, and ensures that all employees signed the declaration. The Internal Control and Compliance (ICC) department, through regular audits, assesses whether any employees have breached the Code of Conduct.

### Board's commitment to establish high levels of ethics and compliance within NHFIL

The NHFIL's Board acknowledges its responsibility for ensuring that the Company's business activities are conducted in accordance with the highest standards of ethics and compliance. The Board views adherence to ethical standards and compliance as an integral part of the broader corporate governance framework and seeks to adopt a holistic approach in ensuring its implementation. As part of this, it has instituted a number of approaches to underline its commitment to high standards of ethical behaviour:

- Setting down standards of expected behaviour through the formulation and communication of a Code of Conduct.
- Installing a system of internal controls, which is reviewed, evaluated and updated on an ongoing basis.
- Positioning Company policies and procedures on ethical foundations to ensure that ethical considerations are integrated in the day-to-day decision-making, activities and processes.
- Establishing a clearly-defined organizational structure that assigns responsibility and authority for the conduct of organizational functions while at the same time ensuring accountability for individual actions.
- Establishing a variety of monitoring mechanisms including the creation and empowerment of an operationally independent

internal audit team with reporting responsibilities to the audit committee.

- Ensuring instant action with zero tolerance for identified instances of unethical and/or non-compliant behaviour.

## HUMAN RESOURCE MANAGEMENT

Employees are the key driving force of NHFIL's continuous success. A group of motivated and engaged employees with diverse talents are the key asset of NHFIL. NHFIL is highly reputed in the market as an employer of choice. The FI has positioned itself with a performance-driven rewarding work culture; where employees are treated with respect and receive NHFIL considers its employees as the most precious capital of the organization that play the crucial role in materializing the mission, vision, goals and objectives of the Company.

To ensure long term sustainability, NHFIL has a special focus on skill and merit based recruitment and selection process, highly competitive remuneration package, adequate training and development programs, career growth with succession planning, high performance culture and pleasant working atmosphere.

## COMMUNICATION TO SHAREHOLDERS & STAKEHOLDERS

### Communication with Shareholders and other Stakeholders

NHFIL strongly believes that all stakeholders should have access to complete information on its activities, performance and product initiatives.

### Communication through Quarterly and Annual Reports

The Company reports to its shareholders four times a year through 3 (three) Quarterly Reports and a detailed Annual Report.

### Communication through AGM

All shareholders have the right to attend the Annual General Meeting wherein they can communicate with the Directors and express views regarding the company's business.

### Communication through Website

The Company's Website [www.nationalhousingbd.com](http://www.nationalhousingbd.com) displays, inter-alia, the Annual Reports, quarterly reports, monthly business reviews, product offerings, recent announcements, presentations and event updates.

The Company's operational outcomes and official news releases are displayed on the Company's website and on the websites of the Dhaka and Chittagong Stock Exchanges.

### Communication through Newspapers

The Company also publishes all price sensitive information and news in national daily newspapers and sometimes through online news portal also.

### Shareholder's Participation in the AGM

All shareholders have the right to attend the Annual General Meeting where they can meet and communicate with the Directors and express their views regarding the Company's business, its future prospects and other matters of interest. The shareholders are always encouraged to attend the meetings or, if they are unable to attend, to appoint proxies.

Notice of the AGM is sent to the Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE), Bangladesh Securities and Exchange Commission (BSEC), onlinenewspapers and print media. The notice of the AGM is also made available on the company website.

### Stakeholders Relationship & Redressal of Grievance/Complaint(S)

NHFIL is committed to maintain smooth and interactive relationship with the stakeholders. It has policy of redressal and proactively handling all types of grievance and complaints in an effective and fair manner. NHFIL believes in equitable treatment to every shareholder and also to every stakeholder, however the issues are resolved on a priority basis and using appropriate mechanism to address them within reasonable time frame.

### Redressal of Complaints / Grievance Handling comprises:

- Resolving complaints for non-receipt of dividend, dividend, etc
- Transfer of Shares from suspense account to the shareholders BO account
- Clarification of any Price Sensitive Information
- Satisfying grievance of not receiving of Annual Report, halfyearly financial position, etc
- Replying queries



#### Policy/Process of Grievance Handling or Redressal of Complaints includes:

- Communicating with the investors/shareholders/stakeholders with courtesy and in a timely manner
- Resolving an issue proactively, handling a grievance or complaint efficiently and in an effective and fair manner
- Dealing an issue related to investors/shareholders by the Share Department and other issues through Customer Service and Complaints Management Cell

#### ENVIRONMENTAL AND SOCIAL OBLIGATIONS

##### Social and environmental responsibilities

At NHFIL, we believe in the concept of a sustainable business, one that integrates good governance, environmental issues and social concerns with its business strategies to maximize value for stakeholders. NHFIL's sustainability model is based on the 3P approach – People, Planet and Profit:

- People, our stakeholders with whom we engage for our business and the community where we live
- Planet, our surrounding environment and the planet
- Profit, our profit-generating capacity for long-term sustenance

Accordingly, NHFIL has aligned its CSR (Corporate Social Responsibility) initiatives to deliver on this commitment and aid community empowerment and responsible environmental management in a sustainable manner. At NHFIL, we are also focusing on Earth and its sustainability, shifting from the traditional financing approach.

##### Description of the Company's Policies and practices relating to social and environmental responsibility of NHFIL:

In harmony with a natural and fresh environment, efficient use of reserves and appreciation for people's well-being and safety, NHFIL is constantly working towards decreasing consumption of energy (especially electricity, water and gas) at its branches, removal of use of hazardous substances from its practices and reducing waste generation. NHFIL is moving forward and thinking about implementing it more through the branches.

Bangladesh Bank has taken steps to inspire green banking in Bangladesh through the issuance of guidelines on green banking and Environmental Risk Management (ERM). It is always inspiring banks in lessening paper communications and fitting solar power system in branches and giving refinance to the solar energy, bio-gas and Effluent Treatment Plant (ETP) sectors at eased interest rates.

NHFIL has always been committed to the environment and also been active in social activities throughout the year and will remain to do so in the future.

#### STATEMENT OF MANAGING DIRECTOR AND CFO REGARDING FINANCIAL STATEMENTS

A statement as to the fairness and presentation of the Financial Statements of the Company is submitted by Managing Director and CFO before the Board and the same is disclosed in the Annual Report.

#### DIVIDEND DISTRIBUTION POLICY

A separate policy as the Dividend Distribution Policy of the Company has been formulated and is disclosed in the Annual Report.

#### ANNUAL GENERAL MEETING (AGM)

NHFIL holds Annual General Meetings (AGM) in due time and ensures effective interaction with the shareholders at the AGMs. The Directors pay special attention to explaining and satisfying the various queries raised by the shareholders at the AGMs.

##### Details of the last AGM are as follows:

Particulars	Date, Day & Time	Venue
23 <sup>rd</sup> AGM	June 02, 2022; Thursday; 12.00 PM	Digital Platform

##### The matters considered by the shareholders in the 23<sup>rd</sup> AGM are as follows:

- Approval of Financial Statements, Auditors Report and Directors Report for the year ended December 31, 2021;
- Declaration of Cash Dividend @ 15%;
- Re-election of Mr. Mahbubur Rahman (representing Eastland Insurance Co. Limited), Mr. Kabir Reza FCMA (representing Square Pharmaceuticals Limited) and Mr. Muminul Haque Chowdhury (representing Borak Travel (Pvt) Limited)
- Appointment of M/s Islam Aftab Kamrul & Co., Chartered Accountants, as External Auditor of the Company;
- Appointment of M/s. Jasmin & Associates, Chartered Secretaries, as Corporate Governance Auditor of the Company;

##### General Shareholders' Information for 24<sup>th</sup> AGM:

- Date : June 11, 2023; Time : 12.00 PM
- Mode/Venue: Virtual Meeting through online Digital Platform
- Virtual AGM Link: <https://nhfil24agm.digitalagmbd.net>
- Financial Reporting Calendar : From January 01, 2022 to December 31, 2022
- Record Date (in lieu of Book Closure) : 15 May 2023

## INTERNAL AUDIT & INTERNAL CONTROL SYSTEM

### Introduction

The Directors of NHFIL are committed to strengthening and improving the internal control system aiming to ensure transparency and efficiency, complying with laws and regulations, controlling risks, ensuring the reliability reports and promoting timely and appropriate disclosure. The Board relies on the Audit Committee in this regard while the Audit Committee regularly reviews the internal control system through internal audit. Internal Audit reviews operations, examines the business processes and evaluates the adequacy and efficiency of financial and operating controls and highlights significant risks, if any.

### Key Features of the Internal Control System of NHFIL

The Company defines internal control as a process which is designed to provide equitable assurance regarding the achievements of objectives relating to the effectiveness and efficiency of operations, reliability of both external and internal financial and non-financial reporting and compliance with applicable laws and regulations.

### The Company's internal control system consists of five interrelated components:

#### Control Environment

The control environment refers to the orientation, awareness and actions of those in the governance and management roles with regards to the Company's internal control and its importance in the entity. Elements under NHFIL's control environment include:

- Active participation by those charged with governance as evidenced through regular meetings of its Board and Audit Committee.
- The communication and fostering of an environment that consistently requires integrity and ethical behaviour as evidenced by regular communication and confirmation of its Code of Conduct and zero tolerance for illegal or unethical behavior.
- A formal well-defined organizational structure, setting out key areas of authority and responsibility and appropriate reporting lines that is relevant to the nature and size of the Company's business.
- Human Resource Policies that demonstrate the Company's commitment towards recruiting employees who meet established standards of competence and ethical behaviour.

#### Risk Assessment

Risk Assessment refers to the process(es) with which the Company identifies and assesses risks in the achievement of its objectives. A changing external and internal environment means that risk assessment is a dynamic process and must occur at all levels of the organizational structure, ranging from branch and department level reviews of portfolios, functions and operations to MANCOM and ALCO Meetings at the very top level of the management.

#### Control Activities

Control Activities are the policies and procedures that help ensure that the management directives are carried out. Control activities have various objectives and are applied throughout the Company at all levels and in all functions. These include activities such as authorization, reviews, reconciliations and verifications.

#### Information and Communication

The information and communication component facilitates the functioning of the other components by providing information that is necessary for the attainment of Company objectives and by establishing a continuous process for collecting, sharing and disseminating necessary information from both within and outside the Company. In a more general sense, the NHFIL Culture encourages sharing of information and opinions across the management hierarchy and among different businesses, functions and departments.

#### Monitoring

Monitoring ensures that controls are operating as intended and that they are appropriately modified in response to changing conditions. At NHFIL, this is achieved through a variety of measures including ongoing monitoring which occurs in the course of, and as a part of, day-to-day operations as well as separate management reviews, evaluations and periodic internal audits of various departments and business functions. A prudently designed management structure, clearly defined responsibilities, delegation of authorities, risk awareness, establishment of accountability at each level and a system of periodic reporting and performance monitoring represent the key elements of the internal control frame employed at NHFIL.

#### Directors' Responsibility to establish Appropriate System of Internal Control

The Board has always been extremely active in establishing appropriate systems of internal control. The Board has no sympathy for any type of fraud in the organization, and always promotes a sound and strong internal control system. The Board has always appreciated the internal controls that have been set up by management and have also given advice on any matters as and when required.

The system of internal control is reviewed, evaluated and updated on an ongoing basis to ensure the establishment of appropriate system of internal control. The Internal Control and Compliance Department of the Company performs periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed.

#### **Ensuring Efficiency of Internal Audit System**

The Audit Committee monitors Internal Audit and Compliance Process to ensure that it is adequately resourced. The Audit Committee gives approval of the Internal Audit and Compliance Plan and reviews the Internal Audit and Compliance Report.

In almost every Audit Committee Meeting the issue of adequacy of the system of internal controls is taken into consideration. The Committee has reviews the corrective measures taken by management relating to fraud-forgery and deficiencies in internal control. The Audit Committee is responsible to the Board to ensure that the system of internal controls is adequate to protect against any type of fraud.

The Audit Committee places all the compliance report before the Board on a timely basis and performs all oversight functions in relation to Internal Control System of the Company. In this way, the Directors review the adequacy of the system of internal controls.

#### **Role of Head of Internal Audit**

In NHFIL the duties and responsibilities of Head of Internal Audit are vested upon Head of Internal Audit and Compliance (HIAC) who has access to the Audit Committee to report to and take directives from the Committee and raise his concerns whenever required.

#### **Conclusion**

The Process of Internal Audit and Compliance in NHFIL is adequately resourced. The Audit Committee gives approval of the Internal Audit and Compliance Plan and reviews the Internal Audit and Compliance Report. The Head of Internal Audit and Compliance (HIAC) is responsible for the functions Internal Audit under monitoring and supervision of the Audit Committee. The HIAC has access to the Audit Committee to report to, take directives from and communicate his concerns to the Committee. The Audit Committee performs all oversight functions in relation to the system of internal control and places its reports before the Board. The Directors finally review the adequacy of Internal Control System of the Company.

## **RISK MANAGEMENT FRAMEWORK**

Risk is the element of uncertainty or the possibility of loss that prevails in any business transaction in any place, in any mode and at any time. Risk is an integral part of the financing business. Risk management entails the adoption of several measures to strengthen the ability of an organization to cope with the vagaries of the complex business environment in which it operates. NHFIL also considers guidelines for managing core risks of financial institutions issued by Bangladesh Bank, vide FID Circular No. 10 dated 18 September 2005 for management of risks and DFIM Circular No. 03 dated 24 January 2016.

#### **Identification of key risks NHFIL is exposed to – both internally and externally**

A well-structured and proactive risk management system is in place within the Company to address various risks like:

- Credit Risk
- Asset and Liability-Balance Sheet Risk
- Internal Control and Compliance Risk
- IT Security Risk

The new Integrated Risk Management Guidelines for Financial Institutions specify a number of additional risks that financial institutions are now required to manage and to report in a more structured manner. The key among these areas described below:

#### **Strategic Risk**

Strategic Risk has been defined as the risk of potential losses that might arise from adverse business decisions, sub-standard execution and failure to respond adequately to changes in the business environment. The guidelines set out the respective roles of the Board of Directors, senior management and business units in managing strategic risks, identify the minimum steps to be followed in the strategic risk management process and also suggest measures for strategic risk control. NHFIL has been managing strategic risks ever since its inception. The culmination of all these efforts are reflected in annual strategy and budget sessions, where the Company sets out its plans for the next year. With the introduction of the new guidelines, more changes will be made to the strategic risk management process as and when required.

#### **Compliance Risk**

Compliance Risk is defined as the current or prospective risk of legal actions and / or material financial losses that an organization may suffer as a result of its failure to comply with laws, its own regulations, code of conduct and standards of the best practice as well as from the possibility of incorrect interpretation of laws or regulations. The guidelines set out the respective roles of the Board, senior management and compliance function units in managing compliance risks and also require formulation of a written compliance risk management policy. Historically, NHFIL has always fostered a compliance-oriented culture. This has been reinforced in a variety of ways, ranging from formal requirements to sign declarations of compliance with the NHFIL Code of Conduct (requiring compliance with the laws and regulations) to ongoing communication from the senior management stressing the need to do business under the highest levels of compliance. In general, compliance risk management is embedded in the day-to-day management of business processes and practices of the Company. With the introduction of the Integrated Risk Management Guidelines, the overall management of compliance risk is reviewed and appropriately amended to ensure conformity with the guidelines.

#### **Reputational Risk**

Reputational Risk may be defined as the risk of loss arising from damages to an organization's reputation. The guidelines set out the respective roles of the Board and the senior management in managing reputation risk and also require financial institutions to implement a sound and comprehensive risk management process to identify, monitor, control and report all reputational risks. NHFIL has already established a set of non-financial reputational risk indicators and put in place a structured process for monitoring these and any other matters that might give rise to potential reputational risks. Till date, no material reputational risk issue involving the Company has been identified.

#### **Environmental and Social Risk**

NHFIL is focused on sustainability, shifting from the traditional financing approach. In this regard, the Company is strengthening its credit appraisal process to be much more stringent from an environment and social (E&S) perspective, evaluating all the environmental and social factors such as project impacts on the environment and the community in the long run, prior to sanctioning a loan.

A detailed discussion of these risks and the strategies adopted to manage and mitigate these are given in the Statement of Risk Management. The adequacy of the system of internal controls is reviewed by the Board of Directors as well.



### Strategies adopted to manage and mitigate risks

NHFIL's Board of Directors acknowledges its overall responsibility for maintaining the adequacy and efficiency of the system of internal controls. The Board is of the view that the internal control framework is designed to manage the Company's risks within an acceptable risk profile, rather than completely eliminate the risk of failure to achieve the policies, goals and objectives of the Company. The Board therefore believes that it can provide only reasonable, rather than absolute, assurance regarding effectiveness against material misstatements of management and financial information or against financial losses and fraud.

In a nutshell, NHFIL adopted the following strategies to manage and mitigate the risk:

- Setting targets for capital ratios and capital composition
- Managing the balance sheet and the funding structure
- Determining general principles for measuring, managing and reporting the FI's risks
- Developing risk policies for business units
- Determining the overall investment strategy

### Existence of effective anti-fraud programs and controls through whistle-blower mechanism

In recent times, the Company has come to identify the risk of fraud as one of the emerging issues in the overall risk management framework. Planned anti-fraud initiatives include the introduction of a whistle-blower mechanism. A whistleblower policy has already been formulated and placed before the senior management for review and approval. Additionally, emphasis is placed on strengthening existing processes or activity levels and anti-fraud controls are embedded within the overall system of internal controls.

Employees are encouraged to report any wrong-doing within the FI. The Head of Internal Control and Compliance and Human Resources Divisions are the primary channel to report any incident. The Reporting channels offer the employees the opportunity to report while maintain their identity confidential. However, from experience NHFIL understands that an effective whistle blowing policy demands for a shift in the culture. NHFIL has a division named Internal Control and Compliance Division which dedicatedly works to ensure effective controls mechanism in the entire business entity

## STATEMENT ON GOING CONCERN

The Board of Directors of NHFIL has made annual assessment about whether there exists any material uncertainty which may cast significant doubt upon the Company's ability to continue as going concern. This assessment involves making appropriate inquiries including review of budget and future outcome of inherent uncertainties in existence. The Directors are convinced from related indications which give reasonable assurance as to Company's continuance as a going concern for the foreseeable future.

NHFIL maintained stable growth during the year 2022. Cash Flow Analysis represents its strengths about its ability to repay its obligations, ability to adapt in changing circumstances and generate sufficient cash and cash equivalents which will lead the organization to a sustainable future growth. NHFIL has been paying consistent dividend to its shareholders over years, which reflects company's long financial strength as well as commitment to its shareholders.

NHFI has established an excellent friendly working environment and healthy corporate environment with practices of honest and fair treatment to all employees. The compensation packages and employee benefits like provident fund, gratuity fund, home and personal loan at a reduced rate, health insurance, incentive bonus, transport facility to eligible employees etc., frequent revision of pay scales are competitive in the industry and instrumental for employee satisfaction.

On 30 June 2022, Credit Rating Information and Services Ltd. (CRISL) assigned 'AA<sup>(+)</sup>' Rating in the Long Term, 'ST-2' Rating in the Short Term and "Stable" Outlook to the Company based on Financial Statements upto 31 December 2021. In Long Term Rating Scales and Definitions, Banks/FIs rated as 'AA<sup>(+)</sup>' indicates 'High Safety for Timely Repayment' while in Short Term Rating Scales and Definitions ST-2 indicates 'High Certainty of Timely Repayments of Financial Commitments'.

Since the company has adequate resources to meet the present requirements of its existing business and to continue in operation for foreseeable future, the Directors are in the opinion to continue to adopt going concern basis in accounting and in preparing the financial statements. The financial statements have been prepared on going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

## STATEMENT ON INTERESTS OF DIRECTORS IN OTHER ENTITIES

Name & Description of Director	Position in NHFIL	Description of Interest(s)	
		Name of the entity	Position
Mr. Mahbubur Rahman [Representing Eastland Insurance Co. Limited]	Chairman	ETBL Holdings Limited	Chairman & CEO
		Eastern Trading (Bangladesh) Limited	Chairman & CEO
		ETBL Development Construction Limited	Chairman & CEO
		ETBL Securities & Exchanges Limited	Chairman & CEO
		Progressive Investments Limited (Successor to National Rubber Industries)	Chairman & CEO
		Century Cold Storage Limited	Chairman & CEO
		Eastland Insurance Co. Limited	Chairman
		International Publications Limited	Chairman
Syed M. Altaf Hussain [Representing Pragati Insurance Limited]	Vice Chairman	Karnaphuli Fertilizer Co. Ltd. (KAFCO)	Director
		Pragati Insurance Limited	Chairman
		WW Grains Corp. representing Cargill Inc. USA	CEO
		Sonic Allied Industries Limited	CEO
		WW Properties Limited	CEO
		The Daily Janata	Chairman

Name & Description of Director	Position in NHFIL	Description of Interest(s)	
		Name of the entity	Position
<b>Mr. Md. Kazim Uddin</b> [Representing National Life Insurance Co. Ltd.]	Director	National Life Insurance Co. Ltd.	Chief Executive Officer
<b>Mr. Akhtar Ahmed</b> [Representing Reliance Insurance Limited]	Director	Reliance Insurance Limited	Chief Consultant
<b>Mr. Muminul Haque Chowdhury</b> [Representing Borak Travels (Pvt.) Limited]	Director	Borak Travels (Pvt.) Limited	Advisor
<b>Mr. Azmal Hossain</b> [Representing Eastern Insurance Co. Limited]	Director	Eastern Insurance Co. Limited	Vice Chairman
		Hashem Paper Mills Limited	Managing Director
<b>Mr. Md. Kabir Reza, FCMA</b> [Representing Square Pharmaceuticals Limited]	Director	Square Pharmaceuticals Limited	Executive Director
<b>Mr. A.K.M. Moinuddin, FCA</b> [Representing Bangladesh Lamps Limited]	Director	Bangladesh Lamps Limited	Consultant
<b>Mr. Abdul-Muyeed Chowdhury</b>	Independent Director	Tiger Tours Ltd.	MD & CEO
		Grameenphone Limited	Independent Director
		ACI Formulations Ltd.	Independent Director
		Desh Garments Ltd.	Independent Director
		Summit Alliance Port Ltd.	Nominee Director
		ACI Ltd.	Nominee Director
		PEB Steel Alliance Ltd	Independent Director
		MJL Bangladesh Limited	Nominee Director
		Omera Fuels Ltd.	Nominee Director
		Omera Petroleum Ltd.	Nominee Director
		Omera Cylinders Ltd.	Nominee Director
		BRAC University	Founding Member, Trustee Board
GSS Bangladesh	Chairman		
<b>Mr. Siddiqur Rahman Choudhury</b>	Independent Director	Social Marketing Company (SMC)	Director
		SMC Enterprise Ltd.	Director

## SUMMARY OF UNCLAIMED DIVIDEND

As per sec 9 (1) of Bangladesh Securities and Exchange Commission (Capital Market Stabilization Fund) Rules, 2021 we transferred the following unclaimed dividend to CMSF:

Unclaimed Dividend transfer to CMSF			
Cash Dividend			
Sl. No.	Year	Total BO/Folio ID	Total Amount (BDT)
01.	2008	349	846,897.39
02.	2009	325	865,685.00
03.	2010	286	437,520.00
04.	2013	2440	2,694,578.00
05.	2014	588	1,005,643.25
06.	2015	187	1,086,468.55
07.	2016	129	1,088,061.70
08.	2017	95	1,026,980.85
09.	2018	414	740,919.78
Stock Dividend & Right Shares			
Sl. No.	Year	Total BO/Folio ID	Total No. of Shares
01.	2010-2012	158	140,359
02.	2018	159	50,388

We preserve the following unclaimed dividend at our Share Department which will be transfer to CMSF as per sec 9 (1) of Bangladesh Securities and Exchange Commission (Capital Market Stabilization Fund) Rules, 2021 in future after completion of stipulated time:

Unclaimed Dividend in Hand			
Cash Dividend			
Sl. No.	Year	Total BO/Folio ID	Total Amount (BDT)
01.	2019	491	756,078.75
02.	2020	436	1,521,476.15
03.	2021	425	2,509,884.72



## VALUE ADDED STATEMENT

For the year ended December 31, 2022

Value added is the wealth created by NHFIL through extending lease financing, SME financing, Housing Finance (home loan, commercial mortgage loan and project mortgage loan), and Corporate Finance.

The Value Added Statement shows the total worth created and how it was distributed to meet certain obligation and the portion retained for the continued operation and expansion of the Company.

Figures in BDT

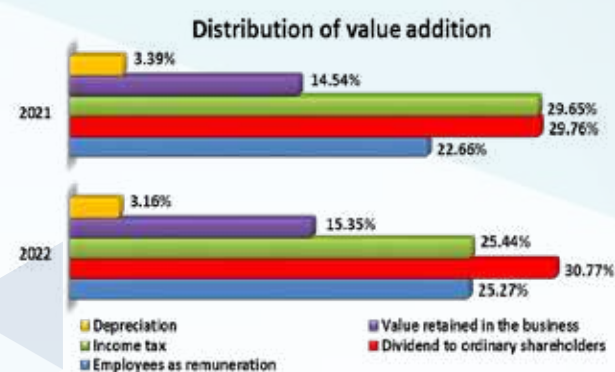
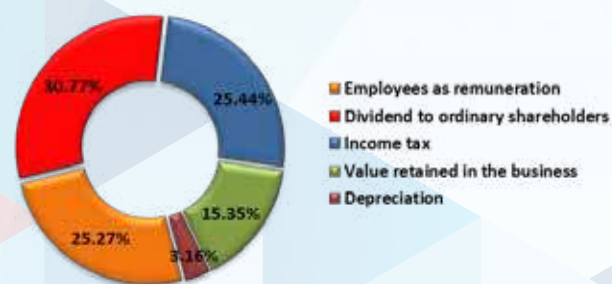
Particulars	31-Dec-22		31-Dec-21	
	Amount	%	Amount	%
<b>Value added</b>				
Operating revenue	1,522,800,949		1,683,946,093	
Cost of borrowing	(917,975,619)		(972,019,341)	
	<b>604,825,331</b>		<b>711,926,752</b>	
Other income	15,641,581		15,559,692	
	<b>620,466,911</b>		<b>727,486,444</b>	
Operating expenses excluding staff cost and depreciation	(53,157,262)		(47,625,581)	
Provision for loan, advances & investments	3,188,043		(89,960,879)	
<b>Total value added by the company</b>	<b>570,497,693</b>	<b>100.00%</b>	<b>589,899,984</b>	<b>100.00%</b>
<b>Distribution of value addition</b>				
Value added to Employees as remuneration	144,176,796	25.27%	133,687,163	22.66%
Value added to ordinary shareholders as Dividend	175,546,800	30.77%	175,546,800	29.76%
Value added through contribution to National Exchequer	145,157,227	25.44%	174,929,833	29.65%
	<b>464,880,823</b>	<b>81.49%</b>	<b>484,163,796</b>	<b>82.08%</b>
<b>Retained for expansion and future growth</b>				
Value retained in the business	87,593,149	15.35%	85,742,043	14.54%
Depreciation	18,023,720	3.16%	19,994,145	3.39%
<b>Amount distributed</b>	<b>570,497,693</b>	<b>100%</b>	<b>589,899,984</b>	<b>100%</b>

Number of employees at the end of the year 211 193

Value created per employee (BDT) 2,703,781 3,056,477

Number of shares 117,031,200 117,031,200

Value created per share (BDT) 4.87 5.04



## ECONOMIC VALUE ADDED (EVA) STATEMENT

For the year ended December 31, 2022

Economic Value-Added is the surplus generated by an entity after meeting an equitable charge towards providers of capital. It is the post-tax return on capital employed (adjusted for the tax shield on debt) less the cost of capital employed. Companies which earn higher returns than cost of capital create value, and companies which earn lower returns than cost of capital are deemed harmful for shareholder value.

The aim of EVA is to provide management with a measure of their success in increasing shareholder's wealth: a better measure than profit of how much the company had made for shareholders.

EVA has been calculated by the following formula:

EVA= Net Operating Profit after Tax- (Capital employed \* 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-22	31-Dec-21
	Amount	Amount
Net operating profit	405,109,133	526,179,555
Provision for taxes	(145,157,227)	(174,929,833)
Net operating profit after tax (NOPAT)	259,951,906	351,249,722

### Charges for capital

Capital employed	2,611,556,519	2,485,068,958
Cost of equity (%)	9.90%	8.55%
Capital charge	258,544,095	212,473,396
<b>Economic value added</b>	<b>1,407,811</b>	<b>138,776,326</b>
Number of shares	117,031,200	117,031,200
<b>Economic Value Added Per Share</b>	<b>0.01</b>	<b>1.19</b>

### 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.

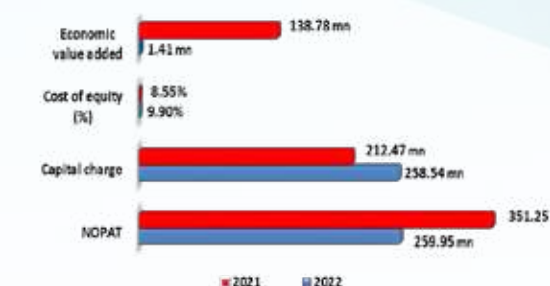
Interest rate on 5 (five) years Government Treasury Bond on December 31	7.90%	6.55%
Standard Risk Premium	2.00%	2.00%
Cost of equity	9.90%	8.55%

### Capital employed as on December 31

Shareholder's equity	2,269,827,097	2,182,233,947
Accumulated provision for doubtful accounts and future losses	385,768,426	385,283,568
Total capital employed	2,655,595,523	2,567,517,515
Average capital employed	2,611,556,519	2,485,068,958

Figures in BDT mln

Particulars	2022	2021
	Amount	Amount
NOPAT	259.95	351.25
Capital charge	258.54	212.47
Cost of equity (%)	9.90%	8.55%
Economic value added	1.41	138.78



## MARKET VALUE ADDED (MVA) STATEMENT

For the year ended December 31, 2022

Market Value Added represents the confidence that the market places on the future stream of EVAs. Market Value Added statement gives a picture of the Company's performance evaluated by the capital market investors through the share price of the company. This statement depicts the difference between the market value of a company and the capital contributed by the investors.

Higher MVA is better for the company. A high MVA indicates that company has created substantial wealth for the shareholders. A negative MVA means that the value of management's actions and investments are less than the value contributed to the company by the capital market. The following statement shows how MVA has been arrived at for the year ended December 31, 2022 and 2021.

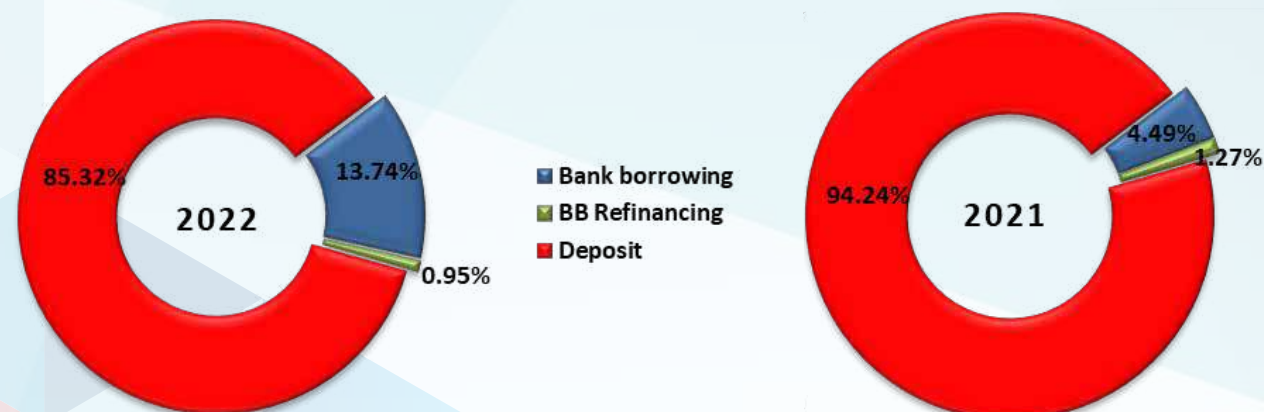
Particulars	Figures in BDT	
	2022 Amount	2021 Amount
Market value of shares outstanding	4,891,904,160	5,810,599,080
Book value of share outstanding	1,170,312,000	1,170,312,000
Market value added till Balance Sheet Date	3,721,592,160	4,640,287,080

## MANAGING COST OF FUNDS (COF)

For the year ended December 31, 2022

Despite assuming inherent shortcomings of not offering and savings accounts to clients on account of our status

Particulars	Figures in BDT			
	December 31, 2022	%	December 31, 2021	%
Bank borrowing	2,008,493,759	13.74%	687,288,927	4.49%
BB Refinancing	138,150,687	0.95%	194,903,133	1.27%
Deposit	12,472,190,833	85.32%	14,421,038,329	94.24%
	14,618,835,279		15,303,230,389	



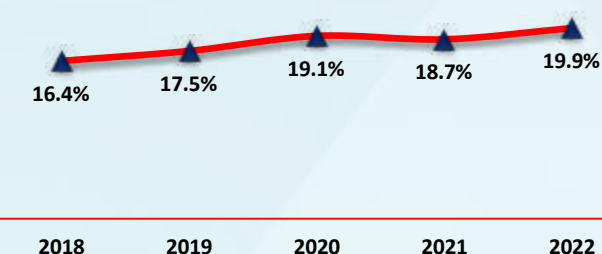
## Capital Adequacy Ratio

As per Bangladesh Bank Prudential Guidelines on Capital Adequacy and Market Discipline for Financial Institutions, Financial Institutions (FIs) are required to maintain a minimum capital adequacy ratio of 10%. At the end of 2022, capital adequacy ratio stood at 19.89%.

Amount BDT in Million	
<b>Tier-1 (Core Capital)</b>	<b>2,269.83</b>
Paid-up Capital	1,170.31
Statutory Reserve	683.07
Share premium account	-
General Reserve	-
Retained Earnings	416.45

<b>Tier-2 (Supplementary Capital)</b>	<b>134.36</b>
General Provision	134.36
<b>Total Eligible Capital</b>	<b>2,404.19</b>
<b>Total risk weighted assets</b>	<b>12,085.20</b>
<b>Capital Adequacy Ratio</b>	<b>19.89%</b>

## Capital Adequacy Ratio





## TREASURY AT A GLANCE

### Assuring Liquidity, Ensuring Profitability

#### A. Overview

Treasury Division established itself as a key profit generating unit through diversified investments in money market and thus making a significant contribution to revenue. Treasury performs a pivotal role in many activities beyond day-to-day fund management. It is responsible for developing and maintaining relationships with various financial intermediaries. The department ensures the efficient functioning of following areas:

#### B. 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.

#### C. Activities

##### 1) Funding and Capital Management :

- Business growth monitoring and Capital Planning
- Conducting the ALCO meeting on a monthly basis and highlight the major changes in liquidity and interest rate risk
- Liquidity profile, Interest rate and gap analysis planning Capital planning for the institution."

##### 2) Funding and Liquidity Management

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. 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 analyze 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.

##### 3) Ensures Profitability after Effective Liquidity Management

The main focus of us is to maintain liquidity effectively and efficiently. After successful liquidity management, NHFIL's Treasury always searches best options to invest its idle fund for ensuring more profit. In the year 2022, our Treasury ensured a remarkable profit through participation in Auction and buy sell of Bangladesh Government Treasury Bond (BGTB).

##### 4) Cost of Funds (CoF) Management

Market interest rate was in downward trend throughout the year 2020 and 2021 due to pandemic situation in the world. Moreover, the news of financial scam in Peoples Leasing and Financial Services Ltd. and International Leasing and Financial Services Ltd. (a Non Bank Financial Institution) hamper images of NBFi industry. Consequently, Money Market operations of NBFi were confined with other Banks. Despite of having image crisis about NBFi, National Housing Finance and Investments Ltd. (NHFIL) ensures the smooth transactions in money market through its prudent fund management system. Moreover, NHFIL collected remarkable "Core Deposit" at competitive rate of interest. By using diversified liability product (Like Money Market, Core deposit, Term Loan and BB Refinance etc.) Cost of Fund remains in favorable position throughout the year 2022.

##### 5) Asset Liability Management (ALM) at NHFIL

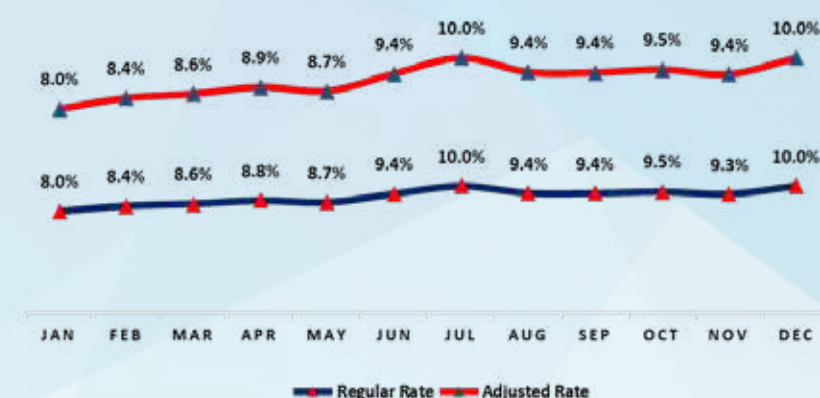
Asset Liability Management involves evaluating, monitoring and managing key balance sheet risks. We have an approved policy guideline on Asset Liability Management (ALM) to best address the key balance sheet issues and risk. The Asset Liability Management Committee (ALCO), comprising of senior management 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.

#### 6) Base Rate System

"To promote transparency in product pricing and encourage healthy competition in the economy, Bangladesh Bank has enhanced its policy support with the inclusion of Base Rate System. It captures all the elements of lending rates that are common across all categories of borrowers. Consolidating the monthly data of the FIs, Bangladesh Bank prepares and publishes a monthly weighted average Cost of Fund Index (CoFI) on its website. It serves as a reference rate for pricing variable interest rate loan products. However, the actual lending rates charged to the borrowers is the Base Rate plus borrower-specific charges, which include product-specific operating costs, risk premium and tenor premium. In compliance with the "Guidelines on the Base Rate System for Non-Bank Financial Institutions" issued by Bangladesh Bank (DFIM Circular No.-6) on August 20, 2013, we reviews the Base rate on a monthly basis which is approved by the Asset Liability Management Committee (ALCO) and is reviewed by the Board on quarterly basis. The Base rate of NHFIL is exhibited on the website for being transparent in the pricing of floating rate lending products. The monthly base rates of National Housing Finance Limited for the year 2022 are as shown below:

##### Base Rate Analysis for the year 2022



## HORIZONTAL ANALYSIS OF BALANCE SHEET

	2022	2021	2020	2019	2018
<b>Property and Assets</b>					
<b>Cash:</b>					
In hand (including foreign currencies)	-59.23%	-48.08%	-38.52%	-37.92%	100.00%
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	8.49%	7.68%	-4.84%	32.85%	100.00%
	<b>8.46%</b>	<b>7.66%</b>	<b>-4.85%</b>	<b>32.82%</b>	<b>100.00%</b>
<b>Balance with banks and other financial institutions:</b>					
In Bangladesh	-83.21%	-53.16%	-64.94%	-52.54%	100.00%
Outside Bangladesh	-	-	-	-	-
	<b>-83.21%</b>	<b>-53.16%</b>	<b>-64.94%</b>	<b>-52.54%</b>	<b>100.00%</b>
Money at call and on short notice	-	-	-	-	-
<b>Investments:</b>					
Government	-	-	-	-	-
Others	40.81%	15.55%	-0.91%	-5.11%	100.00%
	<b>733.58%</b>	<b>365.55%</b>	<b>508.14%</b>	<b>-5.11%</b>	<b>100.00%</b>
<b>Loans and advances:</b>					
Loans, cash credits, overdrafts etc.	16.41%	12.74%	10.23%	9.15%	100.00%
Bills purchased and discounted	-	-	-	-	-
	<b>16.41%</b>	<b>12.74%</b>	<b>10.23%</b>	<b>9.15%</b>	<b>100.00%</b>
Fixed assets including premises, furniture and fixtures	30.78%	36.68%	40.24%	37.57%	100.00%
Other assets	-8.18%	-17.84%	-59.56%	-16.34%	100.00%
Non-banking assets					
<b>Total Assets</b>	<b>-12.28%</b>	<b>-9.15%</b>	<b>-15.23%</b>	<b>-13.06%</b>	<b>100.00%</b>
<b>Liabilities and capital</b>					
<b>Liabilities:</b>					
Borrowing from other banks, financial institutions and agents	21.92%	-49.90%	-51.74%	-7.46%	100.00%
<b>Deposits and other accounts:</b>					
Current accounts and other accounts etc.	-	-	-	-	-
Bills payable	-	-	-	-	-
Savings bank deposits	-98.78%	-93.89%	-93.89%	-53.30%	100.00%
Fixed deposits	55.45%	74.91%	63.37%	18.31%	100.00%
Bearer certificate of deposits	-	-	-	-	-
Other deposits	-76.44%	-68.36%	-4.68%	-3.42%	100.00%
	<b>-22.77%</b>	<b>-10.70%</b>	<b>-16.34%</b>	<b>-17.98%</b>	<b>100.00%</b>
<b>Other liabilities</b>	<b>15.75%</b>	<b>20.39%</b>	<b>1.39%</b>	<b>12.65%</b>	<b>100.00%</b>
<b>Total Liabilities</b>	<b>-16.05%</b>	<b>-12.18%</b>	<b>-18.37%</b>	<b>-14.93%</b>	<b>100.00%</b>
<b>Capital/Shareholders' equity:</b>					
Paid up capital	10.00%	10.00%	10.00%	10.00%	100.00%
Statutory reserve	46.41%	35.13%	23.93%	10.15%	100.00%
Retained earnings	80.08%	64.96%	50.48%	-10.09%	100.00%
<b>Total Shareholders' equity</b>	<b>28.84%</b>	<b>23.87%</b>	<b>19.00%</b>	<b>7.40%</b>	<b>100.00%</b>
<b>Total liabilities and Shareholders' equity</b>	<b>-12.28%</b>	<b>-9.15%</b>	<b>-15.23%</b>	<b>-13.06%</b>	<b>100.00%</b>

## HORIZONTAL ANALYSIS OF PROFIT AND LOSS ACCOUNT

	2022	2021	2020	2019	2018
Interest Income	-27.0%	-18.8%	-4.3%	2.8%	100%
Interest paid on deposits, borrowings etc.	-31.7%	-27.7%	0.0%	10.6%	100%
<b>Net interest income</b>	<b>-17.4%</b>	<b>-0.5%</b>	<b>-13.1%</b>	<b>-13.2%</b>	<b>100%</b>
Investment Income	770.3%	736.4%	2023.1%	-42.5%	100%
Commission, exchange and brokerage	-99.1%	-100.0%	-96.5%	-88.7%	100%
Other operating income	-37.4%	-37.7%	-55.7%	-24.9%	100%
	<b>151.5%</b>	<b>143.3%</b>	<b>430.5%</b>	<b>-29.1%</b>	<b>100%</b>
<b>Total operating income</b>	<b>-9.3%</b>	<b>6.3%</b>	<b>8.1%</b>	<b>-13.9%</b>	<b>100%</b>
Salaries and allowances	43.6%	33.2%	25.0%	27.2%	100%
Rent, taxes, insurance, electricity etc.	51.9%	32.9%	12.9%	18.5%	100%
Legal expenses	-100.0%	-87.7%	27.9%	95.6%	100%
Postage, stamps, telecommunication etc.	44.6%	53.2%	46.8%	11.7%	100%
Stationery, printing, advertisement etc.	-48.2%	-56.2%	-9.7%	-49.5%	100%
Managing Director's salary and fees	-10.0%	-20.1%	-5.6%	-0.3%	100%
Directors' fees and expenses	-17.4%	-22.4%	-56.7%	-42.3%	100%
Auditors' fees	20.0%	10.0%	0.0%	0.0%	100%
Charges on loan losses	0.0%	0.0%	0.0%	0.0%	0.0%
Depreciation and repairs to assets	68.2%	86.5%	81.1%	47.5%	100%
Other expenses	3.6%	-6.4%	-27.0%	-2.9%	100%
<b>Total operating expenses</b>	<b>26.3%</b>	<b>18.1%</b>	<b>16.8%</b>	<b>14.8%</b>	<b>100%</b>
<b>Profit/ (Loss) before provisions</b>	<b>-21.1%</b>	<b>2.4%</b>	<b>5.2%</b>	<b>-23.4%</b>	<b>100%</b>
<b>Provisions for</b>					
Loans, advances and leases	-162.3%	86.3%	46.3%	-150.3%	100%
Diminution in value of investments	17.0%	-112.3%	-274.4%	72.4%	100%
Others	125.4%	-35.6%	165.3%	-43.7%	100%
<b>Total provisions</b>	<b>-104.8%</b>	<b>36.0%</b>	<b>-13.5%</b>	<b>-96.0%</b>	<b>100%</b>
<b>Total profit/(loss) before taxation</b>	<b>-8.8%</b>	<b>-2.5%</b>	<b>8.0%</b>	<b>-12.7%</b>	<b>100%</b>
<b>Provisions for taxation</b>					
Current	-18.0%	9.2%	-6.8%	-11.9%	100%
Deffered	485.3%	-1509.5%	207.2%	281.2%	100%
	<b>-15.5%</b>	<b>1.8%</b>	<b>-5.7%</b>	<b>-10.5%</b>	<b>100%</b>
<b>Net Profit/(loss) after taxation</b>	<b>-4.6%</b>	<b>-5.3%</b>	<b>16.5%</b>	<b>-14.1%</b>	<b>100%</b>
<b>Earnings per share</b>	<b>-4.6%</b>	<b>-5.3%</b>	<b>16.5%</b>	<b>-14.1%</b>	<b>100%</b>



## VERTICAL ANALYSIS OF BALANCE SHEET

	2022	2021	2020	2019	2018
<b>Property and Assets</b>					
<b>Cash:</b>					
In hand (including foreign currencies)	0.00%	0.00%	0.00%	0.00%	0.00%
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	1.15%	1.10%	1.04%	1.42%	0.93%
	<b>1.15%</b>	<b>1.10%</b>	<b>1.04%</b>	<b>1.42%</b>	<b>0.93%</b>
<b>Balance with banks and other financial institutions:</b>					
In Bangladesh	6.79%	18.30%	14.68%	19.37%	35.49%
Outside Bangladesh	-	-	-	-	-
	<b>6.79%</b>	<b>18.30%</b>	<b>14.68%</b>	<b>19.37%</b>	<b>35.49%</b>
<b>Money at call and on short notice Investments:</b>	3.26%				
Government	4.89%	2.39%	3.72%	-	-
Others	0.99%	0.79%	0.72%	0.68%	0.62%
	<b>5.88%</b>	<b>3.17%</b>	<b>0.72%</b>	<b>0.68%</b>	<b>0.62%</b>
<b>Loans and advances:</b>					
Loans, cash credits, overdrafts etc.	78.22%	73.14%	76.64%	73.99%	58.94%
Bills purchased and discounted	-	-	-	-	-
	<b>78.22%</b>	<b>73.14%</b>	<b>76.64%</b>	<b>73.99%</b>	<b>58.94%</b>
<b>Fixed assets including premises, furniture and fixtures</b>	1.62%	1.63%	1.80%	1.72%	1.09%
<b>Other assets</b>	3.08%	2.66%	1.40%	2.83%	2.94%
<b>Non-banking assets</b>					
<b>Total Assets</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>Liabilities and capital Liabilities:</b>					
<b>Borrowing from other banks, financial institutions and agents</b>	<b>11.67%</b>	<b>4.63%</b>	<b>4.78%</b>	<b>8.93%</b>	<b>8.39%</b>
<b>Deposits and other accounts:</b>					
Current accounts and other accounts etc.					
Bills payable					
Savings bank deposits	0.54%	2.62%	2.81%	20.94%	38.99%
<b>Fixed deposits</b>	<b>67.22%</b>	<b>73.02%</b>	<b>73.10%</b>	<b>51.61%</b>	<b>37.93%</b>
<b>Bearer certificate of deposits</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other deposits	0.02%	0.02%	0.06%	0.06%	0.06%
	<b>67.78%</b>	<b>75.66%</b>	<b>75.98%</b>	<b>72.62%</b>	<b>76.98%</b>
<b>Other liabilities</b>	<b>8.22%</b>	<b>8.26%</b>	<b>7.45%</b>	<b>8.07%</b>	<b>6.23%</b>
<b>Total Liabilities</b>	<b>87.67%</b>	<b>88.55%</b>	<b>88.21%</b>	<b>89.63%</b>	<b>91.60%</b>
<b>Capital/Shareholders' equity:</b>					
Paid up capital	6.36%	6.14%	6.58%	6.42%	5.07%
Statutory reserve	3.71%	3.31%	3.25%	2.82%	2.22%
Retained earnings	2.26%	2.00%	1.96%	1.14%	1.10%
<b>Total Shareholders' equity</b>	<b>12.33%</b>	<b>11.45%</b>	<b>11.79%</b>	<b>10.37%</b>	<b>8.40%</b>
<b>Total liabilities and Shareholders' equity</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

## VERTICAL ANALYSIS OF PROFIT AND LOSS ACCOUNT

	2022	2021	2020	2019	2018
Interest Income	94.66%	95.32%	91.68%	98.88%	98.39%
Interest paid on deposits, borrowings etc.	59.67%	57.19%	64.49%	71.62%	66.27%
<b>Net interest income</b>	<b>34.99%</b>	<b>38.13%</b>	<b>27.19%</b>	<b>27.27%</b>	<b>32.12%</b>
Investment Income	4.32%	3.76%	7.79%	0.21%	0.38%
Commission, exchange and brokerage	0.00%	0.00%	0.00%	0.00%	0.00%
Other operating income	1.02%	0.92%	0.53%	0.90%	1.23%
	<b>5.34%</b>	<b>4.68%</b>	<b>8.32%</b>	<b>1.12%</b>	<b>1.61%</b>
<b>Total operating income</b>	<b>40.33%</b>	<b>42.81%</b>	<b>35.51%</b>	<b>28.38%</b>	<b>33.73%</b>
Salaries and allowances	9.37%	7.87%	6.02%	6.15%	4.95%
Rent, taxes, insurance, electricity etc.	0.97%	0.77%	0.53%	0.56%	0.49%
Legal expenses	0.00%	0.01%	0.13%	0.19%	0.10%
Postage, stamps, telecommunication etc.	0.17%	0.16%	0.12%	0.10%	0.09%
Stationery, printing, advertisement etc.	0.67%	0.51%	0.86%	0.48%	0.98%
Managing Director's salary and fees	0.45%	0.36%	0.35%	0.37%	0.38%
Directors' fees and expenses	0.10%	0.09%	0.04%	0.05%	0.10%
Auditors' fees	0.02%	0.02%	0.01%	0.01%	0.01%
Charges on loan losses	-	-	-	-	-
Depreciation and repairs to assets	1.17%	1.18%	0.93%	0.76%	0.53%
Other expenses	1.08%	0.88%	0.56%	0.75%	0.79%
<b>Total operating expenses</b>	<b>14.00%</b>	<b>11.85%</b>	<b>9.56%</b>	<b>9.43%</b>	<b>8.40%</b>
<b>Profit/ (Loss) before provisions</b>	<b>26.33%</b>	<b>30.96%</b>	<b>25.95%</b>	<b>18.95%</b>	<b>25.33%</b>
<b>Provisions for</b>					
Loans, advances and leases	-1.93%	5.22%	3.35%	-1.16%	2.35%
Diminution in value of investments	1.06%	-0.10%	-1.17%	1.16%	0.69%
Others	0.66%	0.17%	0.57%	0.12%	0.22%
<b>Total provisions</b>	<b>-0.21%</b>	<b>5.29%</b>	<b>2.75%</b>	<b>0.13%</b>	<b>3.26%</b>
<b>Total profit/(loss) before taxation</b>	<b>26.54%</b>	<b>25.67%</b>	<b>23.20%</b>	<b>18.83%</b>	<b>22.07%</b>
Provisions for taxation					
Current	-9.12%	-10.98%	-7.65%	-7.26%	-8.43%
Deffered	-0.32%	0.69%	-0.12%	-0.15%	-0.04%
	<b>-9.44%</b>	<b>-10.29%</b>	<b>-7.77%</b>	<b>-7.41%</b>	<b>-8.47%</b>
<b>Net Profit/(loss) after taxation</b>	<b>17.10%</b>	<b>15.37%</b>	<b>15.43%</b>	<b>11.41%</b>	<b>13.60%</b>

## DISCLOSURES UNDER PILLAR-III MARKET DISCIPLINE

### A) Scope of Application

#### Qualitative Disclosures:

- These guidelines apply to National Housing Finance and Investments Limited.
- NHFIL has no subsidiary companies.
- Not Applicable

#### Quantitative Disclosures:

Not Applicable

### B) Capital Structure:

#### Qualitative Disclosures:

- Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in Tier 1 or in Tier 2.

#### Tier 2 Capital includes:

- General provision up to a limit of 1.25% of Risk Weighted Asset (RWA) for Credit Risk;
- All other preference shares.

#### Conditions for maintaining regulatory capital:

- The amount of Tier 2 capital will be limited to 100% of the amount of Tier 1 capital.

#### Quantitative Disclosures:

- The amount of Tier 1 capital, with separate disclosure of:

Particulars	Amount in Crore Taka
Paid-up Capital	117.03
Non-repayable share premium account	-
Statutory reserve	68.31
General reserve & other reserve	-
Retained earning	41.64
Dividend equalization account	-

- The total amount of Tier 2 capital Taka 13.44 crore
- Other deductions from capital -
- Total Eligible Capital Taka 240.42 crore

### C) Capital Adequacy

#### Qualitative Disclosures:

- Summary discussion of the FI's approach to assessing the adequacy of its capital to support current and future activities.

#### Risk Weighted Assets (RWA) and Capital Adequacy Ratio (CAR)

- NHFIL has adopted Standardized Approach for computation of Capital Charge for Credit Risk and Market Risk while Basic Indicator Approach for Operational Risk. Total Risk Weighted Assets (RWA) of the Company is determined by multiplying the capital charge for market risk and operational risk by the reciprocal of the minimum capital adequacy ratio i.e. 10% and adding the resulting figures to the sum of risk weighted assets for credit risk. Total RWA is then used as denominator while total Eligible Regulatory Capital as on numerator to derive Capital Adequacy Ratio.

#### • Strategy to achieve the required Capital Adequacy:

##### Operational level:

##### Immediate measures:

- Rigorous monitoring of overdue loans to bring those under 90 days overdue
- Financing clients having good rating as per Company's policy
- Assessing incremental effect of capital charge over the expected net income from financing before sanctioning any appraisal, which could be one of the criteria for taking financing decision.

- Using benefit of credit risk mitigation by taking eligible collaterals against transactions
- Focusing more to increase the spread on housing loan and thus increasing retained earnings.
- Raise fresh capital by issuing bonus share/ right issue.
- Asking unrated Corporate clients to have credit rating from External Credit Assessment Institutions (ECAIs) recognized by Bangladesh Bank;

	Quantitative Disclosures:	Amount in crore Taka
a)	Capital requirement for Credit Risk	1074.89
b)	Capital requirement for Market Risk	29.24
c)	Capital requirement for Operational Risk	104.39
	<b>Total and Tier 1 Capital ratio:</b>	
d)	CAR on Total capital basis (%)	19.89%
	CAR on Tier 1 capital basis (%)	18.78%

### D) Credit Risk

#### Qualitative Disclosures

#### (a) The general qualitative disclosure requirement with respect to credit risk, including:

##### Definitions of past due and impaired (for accounting purposes)

As per the Bangladesh Bank's Prudential Guideline on Capital Adequacy and Market Discipline for Financial Institutions, the unsecured portion of any claim or exposure (other than claims secured by residential property) that is past due for 90 days or more, net of specific provisions (including partial write-off) will be risk weighted as per risk weights of respective balance sheet exposures. For the purpose of defining the net exposure of the past due loan, eligible financial collateral (if any) may be considered for Credit Risk Mitigation.

##### Description of approaches followed for specific and general allowances and statistical methods;

Specific and General provisions are maintained according to the relevant Bangladesh Bank guideline. For Example, 0.25% provision is maintained against SME-Standard loan/ lease, 1% provision is maintained against good loans (other than SME-Standard loan/ lease, 5% against SMA loan/ lease, 20% against sub-standard loan/ lease, 50% against doubtful loan/ lease and 100% against bad/loss loan/ lease after deducting the amount of interest expenses and value of eligible securities from the outstanding balance of classified accounts.

##### Discussion on FI's credit risk management policy:

##### Implementation of various strategies to minimize risk:

##### To encounter and mitigate credit risk, the following control measures are taken place at NHFIL:

- Looking into payment performance of customer before financing.
- Annual review of clients.
- Adequate insurance coverage for funded assets
- Vigorous monitoring and follow up by Special Assets Management and collection Team
- Strong follow up of compliance of credit policies by Credit Administration Department
- Taking collateral and performing valuation and legal vetting on the proposed collateral
- Seeking legal opinion from internal and external lawyer for any legal issues
- Maintaining neutrality in politics and following arm's length approach in related party transactions
- Regular review of market situation and industry exposure
- Sector-wise portfolio is maintained within specific limits to ensure diversification of loan assets

In addition to the industry best practices for assessing, identifying and measuring risks, NHFIL also considers Guidelines for Managing Core Risks of financial institutions issued by the Country's Central Bank, Bangladesh Bank; vide FID Circular No. 10 dated September 18, 2005 for management of risks.

##### Approved Credit Policy by the Board of Directors

The Board of Directors has approved the Credit Policy for the company where major policy guidelines, growth strategy, exposure limits (for particular sector, product, individual company and group) and risk management strategies have been described/stated in detail. Credit Policy is regularly updated to cope up with the changing global, environmental and domestic economic scenarios.



### Separate Credit Administration Department

An independent Credit Risk Management (CRM) Department is in place, at NHFIL, to scrutinize projects from a risk-weighted point of view and assist the management in creating a high quality credit portfolio and maximize returns from risk assets. Research team of CRM regularly reviews market situation and exposure of NHFIL in various industrial sub-sectors. CRM has been segregated from Credit Administration Department in line with Central Bank's Guidelines. CRM assess credit risks and suggest mitigations before recommendation of every credit proposal while Credit Administration confirms that adequate security documents are in place before disbursement.

### Special Assets Management and Collection Team

A strong Law and Recovery Team monitors the performance of the loans & advances, identify early signs of delinquencies in portfolio, and take corrective measures to mitigate risks, improve loan quality and to ensure recovery of loans in a timely manner including legal actions.

### Independent Internal Control and Compliances Department (ICC)

Appropriate internal control measures are in place at NHFIL. NHFIL has also established Internal Control and Compliances Department (ICC) to ensure, compliance with approved lending guidelines, Bangladesh Bank guidelines, operational procedures, adequacy of internal control and documentation procedures. ICC frames and implements policies to encounter such risks.

### Credit Evaluation

To mitigate credit risk, NHFIL search for credit reports from Credit Information Bureau (CIB) of Bangladesh Bank. The report is scrutinized by Credit Admin Department and Loan Operation Department to understand the liability condition and repayment behavior of the client. Depending on the reports, opinions are taken from the concerned related parties for better understanding about client's credit worthiness.

### Credit Approval Process

To ensure both speedy service and mitigation of credit risk, the approval process is maintained through a multilayer system. Depending on the size of the loan, a multilayer approval system is designed. As smaller loan are very frequent and comparatively less risky, lower sanctioning authority is set to improve processing time and associated risk. Bigger loans require more scrutiny as the associated risk is higher hence sanctioning authority is higher as well.

### Early Warning System

Performance of loans is regularly monitored to trigger early warning system to address the loans and advances whose performance show any deteriorating trend. It helps the company to grow its credit portfolio with ultimate objective of protecting the interest of the stakeholders.

### Methods used to measure Credit Risk

As per the directives of Bangladesh Bank, 'The Standardize Approach' is applied by the company to measure its Credit Risk.

### Quantitative Disclosures

(b) Total gross credit risk exposures broken down by major types of credit exposure.

Particulars	Amount in crore Taka
Housing Loan	1,361.81
Loan against fixed deposit	2.74
Staff Loan	2.87
SME Loan	56.43
Lease/Term Loan	4.61
Others	10.88
<b>Total</b>	<b>1,439.34</b>

(c) Geographical distribution of exposures, broken down in significant areas by major types of credit exposure.

Area	Amount in crore Taka
Dhaka	1,109.31
Chattogram	113.60
Rajshahi	147.80
Rangpur	68.63
<b>Total</b>	<b>1,439.34</b>

(d) Industry or counterparty type distribution of exposures, broken down by major types of credit exposure.

Sector	Amount in crore Taka
Real Estate and Housing	1,361.81
RMG	0.18
Paper, Printing and Packaging	0.81
Iron, Steel and Engineering	4.27
Pharmaceuticals and Chemicals	0.06
Textile & Industry	1.70
Food and Allied Products	0.75
Transport & Communication	0.26
Electronics and Electrical Products	1.57
Ship Manufacturing Industry	1.52
Agriculture & Chemicals	22.90
Plastic Industry	3.12
Others	40.40
<b>Total</b>	<b>1,439.34</b>

(e) Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure.

Particulars	Amount in crore Taka
Repayable on demand	32.49
Not more than 3 months	2.05
Over 3 months but not more than 1 year	23.19
Over 1 year but not more than 5 years	210.87
Over 5 years	1,170.74
<b>Total</b>	<b>1,439.34</b>

(f) By major industry or counter party type:

(i) Amount of impaired loans and if available, past due loans, provided separately

Particulars	Amount in crore Taka
Loan up to 5 years	64.99
Loan over 5 years	1,374.35
<b>Total</b>	<b>1,399.34</b>

(ii) Specific and general provision

Specific and general provisions were made on the amount of classified and unclassified loans and advances of NHFIL.

Particulars	Amount in crore Taka
Provision on classified loans and advances	21.21
Provision on unclassified loans and advances	12.74
<b>Total</b>	<b>33.95</b>

(iii) Charges for specific allowances and charge-offs during the year.

During the year the specific and general provisions were made on the amount of classified and unclassified loans and advances of NHFIL.

Particulars	Amount in crore Taka
Provision on classified loans and advances	1.79
Provision on unclassified loans and advances	(4.76)
<b>Total</b>	<b>(2.97)</b>

(g) Gross Non Performing Assets (NPA) (Amount in crore) Taka 99.75 crore  
Non-Performing Assets (NPAs) to outstanding Loans and Advances 6.93%

#### Movement of Non-Performing Assets (NPAs)

Particulars	Amount in crore Taka
Opening Balance	81.95
Additions	32.88
Reductions	(15.08)
Closing Balance	99.75

#### Movement of Specific Provisions of Non-Performing Assets (NPAs)

Particulars	Amount in crore Taka
Opening Balance	18.15
Provisions made during the period	4.90
Write-off	-
Written-back of excess provisions	(1.83)
Closing Balance	21.22

#### E) Equities: Banking book positions

##### Qualitative Disclosures

(a) The general qualitative disclosure requirement with respect to equity risk, including:

Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons. Discussion of important policies covering the valuation and accounting of equity holdings in the banking book positions. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices.

Quoted shares are valued at cost prices and if the total cost of a particular share is lower than the market value of that particular share, then provision are maintained as per terms and conditions of regulatory authority. On the other, unquoted share is valued at cost price or book value as per latest audited accounts.

##### Quantitative Disclosures

(b) Value disclosed in the balance sheet of investments, as well as the fair value of those investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value.

Particulars	Amount in crore Taka
Quoted shares (Market price)	14.62
Quoted shares (Cost Price)	17.98
Unquoted shares	0.31

##### Break up of Total Investment

Particulars	Amount in crore Taka
Government securities	89.98
Non marketable securities	-
Preference share	0.31
Investment in share (lock-in)	-
Marketable Securities	17.98
Commercial paper	-

(c) The cumulative realized gain (losses) arising from sales and liquidations in the reporting period.

Particulars	Amount in crore Taka
Cumulative realized gain/(loss)	0.34

(d)

Particulars	Amount in crore Taka
Total unrealized gains(Losses)	(3.36)
Total latent revaluation gains (Losses)	-
Any amounts of the above included in Tier 2 Capital	-

(e) Capital requirements broken down by appropriate equity groupings, consistent with the FI's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory provisions regarding regulatory capital requirements.

Specific Risk- Market value of investment in equities is BDT 14.62 crore. Capital Requirement is 10% of the said value which stand to BDT 1.46 crore.

General Risk- Market value of investment in equities is BDT 14.62 crore. Capital Requirement is 10% of the said value which stand to BDT 1.46 crore.

#### F) Interest rate in the banking book

##### Qualitative Disclosures

The general qualitative disclosure requirement including the nature of interest risk and key assumptions, including assumptions regarding loan prepayments and behavior of non- maturity deposits.

Interest rate risk in the banking book arises from mismatches between the future yield of an assets and their funding cost. Assets Liability Committee (ALCO) monitors the interest rate movement on a regular basis.

NHFIL measure the Interest Rate Risk by calculation Duration Gap i.e. a positive Duration Gap affect company's profitability adversely with the increment of interest rate and a negative Duration Gap increase the company's profitability with the reduction of interest rate.

##### Quantitative Disclosure

The increase (decline) in earnings or economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring interest rate risk broken down by currency (as relevant).

##### Interest Rate Risk-Increase in Interest Rate: (BDT in Crore) Where applicable

Particulars	Maturity wise distribution of Assets-liabilities				
	1 to 30/31 day (one month)	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 month to 1 year
A. Total Rate Sensitive Liabilities (A)	43.69	87.40	118.11	155.29	243.47
B. Total Rate Sensitive Assets (B)	46.72	99.40	124.81	171.09	255.65
C. Mismatch	3.04	12.00	6.70	15.80	12.18
D. Cumulative Mismatch	3.04	15.03	21.73	37.53	49.71
E. Mismatch (%)	6.95%	13.72%	5.67%	10.17%	5.00%

##### Interest rate risk

Magnitude of Shock	Minor	Moderate	Major
	2%	4%	6%
Change in the Value of Bond Portfolio (BDT in Crore )	0.00	0.00	0.00
Net Interest Income (BDT in Crore)	0.99	1.99	2.98
Revised Regulatory Capital (BDT in Crore)	241.41	242.41	243.40
Risk Weighted Assets (BDT in Crore)	1208.52	1208.52	1208.52
Revised CAR (%)	19.98%	20.06%	20.14%



## (G) Market risk

### Qualitative Disclosures

Views of BOD on trading/investment activities

All the Market Risk related policies/guidelines are duly approved by BOD. The BOD sets limit and review and updates the compliance on regular basis aiming to mitigate the Market risk.

### Methods used to measure Market risk

Market Risk is the probability of losing assets in balance sheet and off- balance sheet position arising out of volatility in market variables i.e. interest rate, exchange rate and prices of securities. In order to calculate the market risk for trading book purposes the company uses Standardized (rule based) Approach. Capital charge for interest rate risk and foreign exchange risk is not applicable to our company as because we do not have such Balance Sheet Items.

### Market Risk Management System

A system for managing Market Risk is in place where guideline has been given regarding long- term, short-term funding, liquidity contingency plan, local regulatory compliance etc. Treasury manages the Market risk with the help of Asset Liability Management Committee (ALCO) and Asset Liability Management (ALM) Desk in the following manner:

### Interest Risk Management

Treasury Division reviews the risks of changes in income of the Company as a result of movements in market interest rates. In the normal course of business, NHFIL tries to minimize the mismatches between the duration of interest rate sensitive assets and liabilities. Effective Interest Rate Risk Management is done as under:

### Market analysis

Market analysis over interest rate movements are reviewed by the Treasury of the company. The type and level of mismatch interest rate risk of the company is managed and monitored from two perspectives, being an economic value perspective and an earning perspective.

### GAP analysis

ALCO has established guidelines in line with central Bank's policy for the management of assets and liabilities, monitoring and minimizing interest rate risks at an acceptable level. ALCO in its regular monthly meeting analyzes Interest Rate Sensitivity by computing GAP i.e. the difference between Rate Sensitive Assets and Rate Sensitive Liability and take decision of enhancing or reducing the GAP according to prevailing market situation aiming to mitigate interest rate risk.

### Continuous Monitoring

Company's treasury manages and controls day-to-day trading activities under the supervision of ALCO that ensures continuous monitoring of the level of assumed risks.

### Equity Risk Management

Equity Risk is the risk of loss due to adverse change in market price of equities held by the Company. Equity Risk is managed by the following fashion:

NHFIL minimizes the Equity Risks by Portfolio diversification as per investment policy of the company.

### Quantitative Disclosures

The capital requirements for Market Risk:

Interest rate risk	Amount in crore Taka
Interest rate risk	-
Equity position risk	2.92
Foreign Exchange Position and Commodity risk (If any)	-

## (H) Operational Risk:

### Qualitative disclosure:

(a) Views of Board on system to reduce Operational Risk:

All the policies and guidelines of internal control and compliances are duly approved by the Board. The Board delegates its authority to Executive Committee and to Man Com members as per company policy of delegation of authority. Audit Committee of the Board directly oversees the activities of internal control and compliance as per good governance guideline issued by Securities and Exchange Commission.

## Performance gap of executives and staffs

NHFIL's recruitment strategy is based on retaining and attracting the most suitable people at all levels of the business and this is reflected in our objective approach to recruitment and selection. The approach is based on the requirements of the job (both now and in the near future), matching the ability and potential of the individual. Qualification, skills and competency form our basis for nurturing talent. We are proud to state that favorable job responsibilities are increasingly attracting greater participation from different level of employees in the NHFIL family. We aim to foster a sense of pride in working for NHFIL and to be the employer of choice. As such there exists no performance gap in NHFIL.

### Potential external events

No such potential external event exists to rise operational risk of NHFIL at the time of reporting.

### Policies and procedures for mitigating operational risk:

NHFIL has also established Internal Control and Compliances Department (ICC) to address operational risk and to frame and implement policies to encounter such risks. ICC assesses operational risk across the Company as a whole and ensures that an appropriate framework exists to identify, assess and manage operational risk.

### Approach for calculating capital charge for operational risk:

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. NHFIL uses basic indicator approach for calculation capital charge against operational risk i.e. 15% of average positive annual gross income of the company over last three years.

### Quantitative Disclosures:

(b) Capital requirement for operational risk:

Particulars	Amount in crore Taka
Capital requirement for operational risk:	10.44



## DECLARATION BY MD & CFO REGARDING FINANCIAL STATEMENT

(as per Annexure-A & condition No. 1(5)(xxvi)]

### Declaration by MD and CFO

17.04.2023

#### The Board of Directors

National Housing Finance and Investments Limited  
National Plaza (7<sup>th</sup> & 8<sup>th</sup> Floor)  
109, Bir Uttam C.R Datta Road (Ex-Sonargaon Road)  
Dhaka-1205

Subject: Declaration on Financial Statements for the year ended on 31<sup>st</sup> December 2022

Dear Sirs,

Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/ Admin/80 Dated 03.06.2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- (1) The Financial Statements of National Housing Finance and Investments Limited for the year ended on 31<sup>st</sup> December, 2022 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
- (2) 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;
- (3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- (4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- (5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- (6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

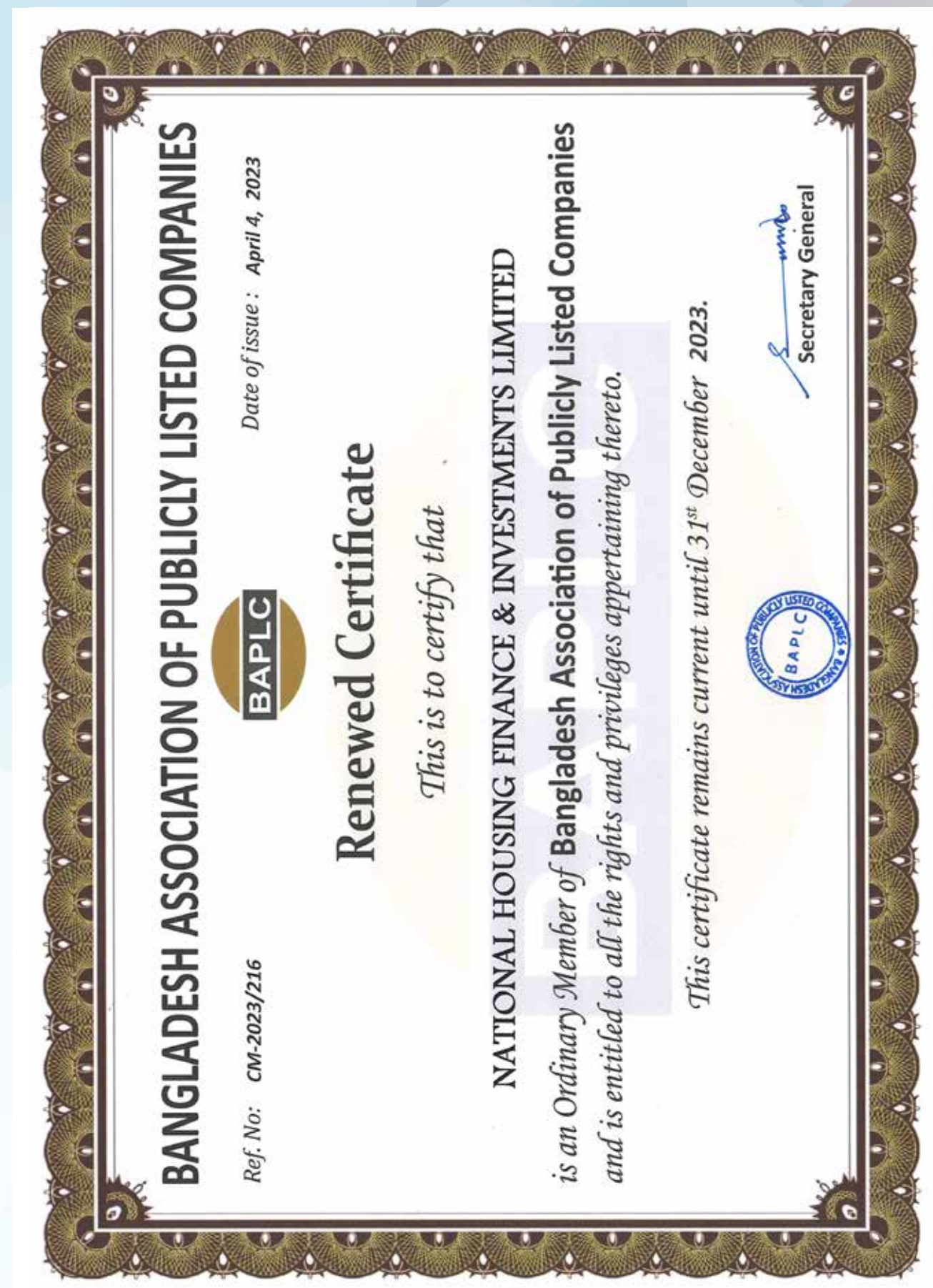
In this regard, we also certify that: \_\_\_

- (i) We have reviewed the financial statements for the year ended on 31<sup>st</sup> December, 2022 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 collectively present 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 transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,

(Mohammad Shamsul Islam)  
Managing Director  
Date: 17.04.2023

(Sayed Ahmed FCMA)  
Chief Financial Officer  
Date: 17.04.2023





# AUDITOR'S REPORT

## Independent Auditor's Report To the Shareholders of National Housing Finance and Investments Limited on the Audit of the Financial Statements For the Year Ended 31st December 2022

### Opinion

We have audited the financial statements of National Housing Finance and Investments Limited (the Company), which comprise the balance sheet as at 31<sup>st</sup> December 2022 and the profit and loss accounts, statement of changes in equity and cash flow statements for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying Financial Statements gives true and fair view of the financial position of the company as at 31<sup>st</sup> December 2022, and of its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2 to the financial statements.

### Basis for Opinion

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

### Key Audit Matters

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

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Financial Statements. The results of our audit procedures including the procedures performed to address the matter below, provide the basis of our audit opinion on the accompanying financial statements.

Loans & Advances	
Risk	Our response to the risk
<p><b>Classification</b></p> <p>The classification of loans &amp; advances are determined by specific Bangladesh Bank's circulars which have wide ranging effect on the financial position and performance of the FI, namely through provisioning requirements.</p> <p>Furthermore, the calculation of RWA (Risk Weighted Assets) is, to some extent, dependent on the classification of loans and advances which ultimately impact the CAR (Capital Adequacy Ratio) – a significant indicators of FI's health under the BASEL - II regime.</p> <p>Furthermore, the recognitions and measurement of these Loans &amp; Advances are dictated by Bangladesh Bank's circulars namely FID circular No. 08 dated 03 August 2002, FID circular No. 03 dated May 2006, FID circular No. 05 dated 18 July 2006, FID circular No. 06 dated 20 August 2006, FID circular No. 02 dated 05 May 2007 and DFIM Circular No. 04 dated 28 June 2007, DFIM Circular No. 1, dated 24th March, 2020 and DFIM Circular Letter No. 05, dated 26th August 2020, DFIM Circular No. 04, Dated 26th July 2021, DFIM Circular No. 09, Dated 14th September 2021, DFIM Circular Letter No. 33, Dated 19th December 2021 and DFIM(P) 1052/27/2022-26, Dated 2nd January 2022 (Effective 1st January 2021 to 31st December 2021), DFIM circular no. 04, dated 26 July 2021 (Master Circular: Loan/Lease classification and provisioning) and DFIM circular no.10, dated 04 September 2022 (Master circular of Loan/lease re-scheduling/re-structure), DFIM Circular 27 Dated 21 December 2022 respectively which limits the fair implementation of respective IFRSs.</p> <p>The Company's disclosures about classifications of loans &amp; advances are included in note 8.07, 8.08 &amp; 8.11 to the financial statements.</p>	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> <li>• The credit appraisal, loan disbursement procedures, monitoring and provisioning process;</li> <li>• Identification of loss events, including early warning and default warning indicators;</li> <li>• Reviewed quarterly Financial Institution Classification of Loans (CL);</li> </ul> <p>Furthermore, we have assessed on test basis the loan application receipt, assessment, documentation and authorization process against Company's policy and Bangladesh Bank's requirements. Legal expert's views regarding securitization of the loans have also been considered.</p> <p>As part of our process, we have reviewed the loan files, bank statements, and its provisioning requirements.</p> <p>Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p>

<p><b>Provisioning &amp; write off:</b></p> <p>The process for estimating the provision for loans and advances portfolio associated with credit risk is significant and complex.</p> <p>For the individual analysis, these provisions consider the estimates of future business performance and the market value of collateral provided for credit transactions. For the collective analysis, these provisions are manually processed that deals with voluminous databases, assumptions and calculations for the provision estimates of complex design and implementation.</p> <p>At year end the Company reported total gross loans and advances of Tk. 14,393,418,552 (2021: Tk. 13,939,457,867) and provision for loans and advances of Tk. 339,591,860 including general provision Tk. 127,442,575 &amp; specific provision Tk. 212,149,285 (2021: Tk. 356,543,228)).</p> <p>Provision measurement is primarily dependent upon key assumptions relating to probability of default, ability to repossess collateral and recovery rates.</p> <p>Classified Loans &amp; Advances are written off from the financial statements in accordance with specific Bangladesh Bank's circulars. Writing off loans &amp; advances has drastic impact on the NPL (Non-Performing Loan). Additionally, the write-off of loans and advances are undertaken in line with Bangladesh Bank's circulars which overrides the requirements of IFRSs.</p> <p>We have focused on the following significant judgments and estimates which could give rise to material misstatement or management bias:</p> <ul style="list-style-type: none"> <li>• Completeness and timing of recognition of loss events (provisioning requirements) in accordance with criteria set out in FID circular no-3;</li> <li>• For individually assessed provisions, the measurement of the provision may be dependent on the valuation of collateral, estimates of exit values and the timing of cash flows;</li> <li>• Complete identification and timing of loans write-offs including final provisioning adjustment and recognition of qualifying mortgaged assets under non-banking assets.</li> </ul> <p>The Company's disclosures about provisioning and write-off of Loans &amp; Advances are included in note. 14.01, 14.02 &amp; 31 and 8.11 respectively.</p>	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> <li>• Tested the credit appraisal, loan disbursement procedures, monitoring and provisioning process;</li> <li>• Identification of loss events, including early warning and default warning indicators;</li> <li>• Reviewed quarterly Classification of Loans (CL)</li> </ul> <p>Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:</p> <ul style="list-style-type: none"> <li>• Reviewed the adequacy of the companies general and specific provisions;</li> <li>• Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information;</li> </ul> <p>Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p>
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Interest Income and Investment Income	
Risk	Our response to the risk
<p>At year end the National Housing Finance and Investments Limited reported total Interest Income BDT 1,456,285,526. This interest income includes interest on Home Mortgage Loan, Commercial Mortgage Loan, Project Mortgage Loan, Lease of Industrial Equipment, Vehicles, Delinquent Interest, Interest on Term Finance, Interest on Fixed Deposits, Interest on Short Term Deposit, Interest on Loan against FDR and Interest on Staff Loan. (Note # 19)</p> <p>The National Housing Finance and Investments Limited also reported Investment income TK. 66,515,423 from dividend income, interest income from Govt. treasury bond, capital gain from sales of Govt. treasury bond and gain from sales of shares. (Note #21)</p> <p>There is also a risk that revenue may be overstated due to fraud through manipulation resulting from the pressure local management may feel to achieve performance targets.</p>	<p>We have tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> <li>• Verify and calculate interest income based on cut of date with the value of investment, amortization or appreciation by security value adjustment (Treasury Bond), applicable interest rate;</li> <li>• Verify proper revenue recognition through cut of date for interest receivable;</li> <li>• Verify the authentication of documents;</li> <li>• Timing of revenue recognition.</li> </ul> <p>Our substantive procedures in relation to the revenue recognition comprises the following:</p> <ul style="list-style-type: none"> <li>• Obtaining supporting documentation for transactions recorded for Interest on Investment such as make loans and advance, Purchase date of FDR and Treasury Bond, physical verification of FDR to confirm maturity date and amount of interest, bank statement and interest receivable at the year ended date to determine whether revenue was recognized in the correct period;</li> <li>• Verified the interest revenue from Treasury Bond by measuring holding period interest, adjustment by security value adjustment, Coupon rate, Yield rate, Board authorization of investment, ledger and calculation of interest;</li> <li>• Critically assessing manual journals posted to revenue to identify unusual or irregular items; and</li> <li>• Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards.</li> </ul>

IT systems and controls	
Risk	Our response to the risk
<p>Our audit procedures have a focus on IT system and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and IT dependent manual controls.</p> <p>The Company's disclosures relating to its IT systems and controls are included in note 3.13 of the financial statements.</p>	<p>Our firm's own IT Specialist tested the design and operating effectiveness of the Company's It access controls over the information systems that are critical to financial reporting. We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized. We tested the Company's periodic review of access rights. We inspected requests of changes to systems for appropriate approval and authorization. We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit.</p> <p>Where deficiencies were identified, we tested compensating controls or performed alternate procedures. In addition, we understood where relevant, changes were made to the IT landscape during the audit period and tested those changes that had a significant impact on financial reporting.</p>

Legal & Regulatory Matters	
Risk	Our response to the risk
<p>We focused on this area because the Company operates in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict.</p> <p>Significant Legal &amp; Regulatory matters pertaining to the Company were:</p> <ul style="list-style-type: none"> <li>• Compliance of rules &amp; regulations, including submission of returns to various regulators; and</li> <li>• Litigation (cases) filed on behalf of or against the Company including any provisioning requirements.</li> </ul>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over the legal provision and contingency process.</p> <p>We enquired to those charged with governance to obtain their view on the status of all significant litigation and regulatory matters.</p> <p>We enquired of the Company's internal legal counsel for all significant litigation and regulatory matters and inspected internal notes and reports.</p>

These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions which have been established and other contingent liabilities.

Overall, the legal provision represents the Company's best estimate for existing legal matters that have estimate for existing legal matters that have a probable and estimable impact on the Company's financial position.

The Company's disclosures relating to its legal & regulatory compliance are included in note 3.11 & 2.12 of the financial statements.

**Current Tax:**  
The Company reported net current tax liability of Tk. 431,333,416 as at 31 December 2022 (2021: Tk. 443,566,929).

The Company's disclosures relating to current tax are include in note 3.07.01, 14.07, 14.07.01 & 14.08 to the financial statements.

We assessed the methodologies on which the provision amounts are based, recalculated the provisions, and tested the completeness and accuracy of the underlying information.

We obtained an understanding evaluated the design and tested the operational effectiveness of the Company's key controls over the recognition and measurement of current tax and the assumption used in estimating the Company's tax liability for the current year.

Furthermore, we reviewed the correspondences, assessment orders and appeal documents to evaluate the basis of the provisions maintained in the financial statements.

### Deferred Tax Liability

Risk	Our response to the risk
<p><b>Deferred Tax:</b> The Company reported net deferred tax Liabilities to totaling Tk. 9,197,074 as at 31 December 2022. (2021: 4,315,528)</p> <p>Significant judgment is required in relation to deferred tax assets/liabilities as their recoverability is dependent on forecasts of future profitability over a number of years.</p> <p>The Company's disclosure relating to deferred tax are included in note- 3.07.02, 14.09 &amp; 14.09.01 to the financial statements.</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over the recognition and measurement of DTAs and the assumptions used in estimating the Company's future taxable income.</p> <p>We also assessed the completeness and accuracy of the data used for the estimations of future taxable income.</p> <p>We involved tax specialists to assess key assumptions, controls, recognition and measurement of DTAs's.</p> <p>Finally assessed the appropriateness and presentation of disclosures against IAS 12 Income Tax.</p>

### Materiality

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

Overall materiality	Tk. 21,660,916
How we determined it	5% of average profit or loss before tax of the resent 5 years
Rational for benchmark applied	Based on the benchmarks used in the Annual Report, profit or loss before tax is a key measure used by the shareholders in assessing the performance of the group, and is a generally accepted auditing benchmark.

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

On the basis of our risk assessments together with our assessment of the Company's overall control environment, our judgment was that performance materiality was 75% of our planning materiality namely tk. 16,245,686. We have set performance materiality at this percentage due to our previous experience as auditors of the Company from which we concluded that there is a lower expectation of material financial statement inaccuracies due to the Company's limited business nature and only minor audit differences resulting from our prior and current year work. Our approach is consistent with prior year.

### Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, on the other information obtained prior to the date of this audit report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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



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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

### Report on other Legal and Regulatory Requirements

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

- (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;

- (ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of those books;
- (iii) the balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (iv) the expenditures incurred were for the purpose of the Company's business for the year;
- (v) the financial statements of the Company have been drawn up in conformity with the Financial Institutions Act, 1993 and in accordance with the accounting rules and regulations which were issued by Bangladesh Bank to the extent applicable to the Company;
- (vi) provisions have been made for loans, advances, leases, investment and other assets which are, in our opinion, doubtful of recovery and Bangladesh Bank's instructions in this regard have been followed properly;
- (vii) the financial statements of the Company conform to the prescribed standards set in the accounting regulations which were issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- (viii) the records and statements which were submitted by the branches have been properly maintained and recorded in the financial statements;
- (ix) statements sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our attention;
- (x) taxes and other duties were collected and deposited in the government treasury by the Company as per Government instructions found satisfactory based on test checking;
- (xi) nothing has come to our attention that the Company has adopted any unethical means i.e. 'Window dressing' to inflate the profit and mismatch between the maturity of assets and liabilities;
- (xii) proper measures have been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank and the instructions which were issued by Bangladesh Bank and other regulatory authorities have been complied properly as disclosed to us by management;
- (xiii) based on our work as mentioned above under the auditor's responsibility section, the internal control and the compliance of the Company is satisfactory, and effective measures have been taken to prevent possible material fraud, forgery and internal policies are being followed appropriately;
- (xiv) the company has complied with relevant laws pertaining to capital, reserve and net worth, cash and liquid assets and procedure for sanctioning and disbursing loans/leases found satisfactory;
- (xv) we have reviewed over 80% risk weighted assets as shown in note-15.05 to the financial statements of the Company and we have spent around 2,062 person hours for the audit of the books and accounts of the Company;
- (xvi) the Company has complied with relevant instructions which were issued by Bangladesh Bank relevant to classification, provisioning and calculation of interest suspense;
- (xvii) the Company has complied with the 'First Schedule' of Bank Companies Act, 1991 in preparing these financial statements;



**AKM Kamrul Islam, FCA**  
Senior Partner  
Enrollment No.- 670  
Islam Aftab Kamrul & Co.  
Chartered Accountants  
DVC: 2304270670AS604986

Dhaka  
Dated: 17<sup>th</sup> April 2023

# AUDITED FINANCIAL STATEMENTS

## NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED

Balance Sheet  
As at December 31, 2022

	Note	2022 Taka	2021 Taka
<b>Property and Assets</b>			
<b>Cash:</b>	4.00		
In hand (including foreign currencies)		31,694	40,358
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		210,920,299	209,358,124
		<b>210,951,993</b>	<b>209,398,482</b>
<b>Balance with banks and other financial institutions:</b>	5.00		
In Bangladesh		1,249,881,404	3,487,102,841
Outside Bangladesh		-	-
		<b>1,249,881,404</b>	<b>3,487,102,841</b>
<b>Money at call and on short notice</b>	6.00	<b>600,000,000</b>	-
<b>Investments:</b>	7.00		
Government		899,845,052	454,620,200
Others		182,898,009	150,086,381
		<b>1,082,743,061</b>	<b>604,706,581</b>
<b>Loans and advances:</b>	8.00		
Loans, cash credits, overdrafts etc.		14,393,418,552	13,939,457,867
Bills purchased and discounted		-	-
		<b>14,393,418,552</b>	<b>13,939,457,867</b>
<b>Fixed assets including premises, furniture and fixtures</b>	9.00	<b>298,113,133</b>	<b>311,551,809</b>
<b>Other assets</b>	10.00	<b>566,629,776</b>	<b>507,002,758</b>
<b>Non-banking assets</b>	11.00	-	-
<b>Total Assets</b>		<b>18,401,737,918</b>	<b>19,059,220,338</b>
<b>Liabilities and capital</b>			
<b>Liabilities:</b>			
<b>Borrowing from other banks, financial institutions and agents</b>	12.00	<b>2,146,644,446</b>	<b>882,192,060</b>
<b>Deposits and other accounts:</b>	13.00		
Current accounts and other accounts etc.		-	-
Bills payable		-	-
Savings bank deposits		100,000,000	500,000,000
Fixed deposits		12,369,335,605	13,917,204,471
Bearer certificate of deposits		-	-
Other deposits		2,855,228	3,833,858
		<b>12,472,190,833</b>	<b>14,421,038,329</b>
<b>Other liabilities</b>	14.00	<b>1,513,075,542</b>	<b>1,573,756,003</b>
<b>Total Liabilities</b>		<b>16,131,910,821</b>	<b>16,876,986,392</b>
<b>Capital/Shareholders' equity:</b>			
Paid up capital	15.02	1,170,312,000	1,170,312,000
Statutory reserve	16.00	683,065,157	630,437,167
Retained earnings	17.00	416,449,939	381,484,780
Other reserves		-	-
<b>Total Shareholders' equity</b>		<b>2,269,827,097</b>	<b>2,182,233,947</b>
<b>Total liabilities and Shareholders' equity</b>		<b>18,401,737,918</b>	<b>19,059,220,338</b>



## NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED


Balance Sheet  
As at December 31, 2022

Note	2022 Taka	2021 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	-	-
<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	984,542,132	1,162,959,288
Undrawn formal standby facilities, credit lines and other commitments	-	-
	<b>984,542,132</b>	<b>1,162,959,288</b>
<b>Total Off-Balance Sheet Items including contingent liabilities</b>	<b>984,542,132</b>	<b>1,162,959,288</b>
<b>Net Asset Value (NAV) per share</b>	19.40	18.65

Annexed notes from an integral part of these financial statements

  
Md. Sarwar Kamal, FCS  
Company Secretary

  
Mohammad Shamsul Islam  
Managing Director

  
Md. Kabir Reza, FCMA  
Director

  
Mahbubur Rahman  
Chairman

Signed as per our report on same date



**AKM Kamrul Islam, FCA**  
Senior Partner  
Enrollment No.-670  
Islam Aftab Kamrul & Co.  
Chartered Accountants  
DVC: 2304270670AS604986

Place: Dhaka  
Dated: 17<sup>th</sup> April, 2023

## NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED

Profit and Loss Account  
For the year ended December 31, 2022

Note	2022 Taka	2021 Taka
Interest Income	1,456,285,526	1,620,020,397
Interest paid on deposits, borrowings etc.	917,975,619	972,019,341
<b>Net interest income</b>	<b>538,309,907</b>	<b>648,001,056</b>
Investment Income	66,515,423	63,925,696
Commission, exchange and brokerage	500	-
Other operating income	15,641,081	15,559,692
	<b>82,157,004</b>	<b>79,485,388</b>
<b>Total operating income</b>	<b>620,466,911</b>	<b>727,486,444</b>
Salaries and allowances	144,176,796	133,687,163
Rent, taxes, insurance, electricity etc.	14,954,313	13,338,070
Legal expenses	-	-
Postage, stamps, telecommunication etc.	2,556,559	2,709,307
Stationery, printing, advertisement etc.	10,288,347	8,712,019
Managing Director's salary and fees	6,860,000	6,090,001
Directors' fees and expenses	1,610,400	1,513,600
Auditors' fees	345,000	316,250
Charges on loan losses	-	-
Depreciation and repairs to assets	18,023,720	19,994,145
Other expenses	16,542,643	14,946,334
	<b>215,357,778</b>	<b>201,306,889</b>
<b>Total operating expenses</b>	<b>215,357,778</b>	<b>201,306,889</b>
<b>Profit/ (Loss) before provisions</b>	<b>405,109,133</b>	<b>526,179,555</b>
<b>Provisions for</b>		
Loans, advances and leases	(29,691,350)	88,796,120
Diminution in value of investments	16,378,775	(1,727,647)
Others	10,124,532	2,892,406
	<b>(3,188,043)</b>	<b>89,960,879</b>
<b>Total provisions</b>	<b>(3,188,043)</b>	<b>89,960,879</b>
<b>Total profit/(loss) before taxation</b>	<b>408,297,177</b>	<b>436,218,676</b>
Provisions for taxation		
Current	(140,275,681)	(186,684,496)
Deffered	(4,881,546)	11,754,663
	<b>(145,157,227)</b>	<b>(174,929,833)</b>
<b>Net Profit/(loss) after taxation</b>	<b>263,139,949</b>	<b>261,288,843</b>
<b>Appropriations:</b>		
Statutory reserve	52,627,990	52,257,769
General reserve	-	-
Dividend etc.	-	-
	<b>52,627,990</b>	<b>52,257,769</b>
<b>Retained surplus</b>	<b>210,511,959</b>	<b>209,031,074</b>
Earnings per share	2.25	2.23

Annexed notes from an integral part of these financial statements

  
Md. Sarwar Kamal, FCS  
Company Secretary

  
Mohammad Shamsul Islam  
Managing Director

  
Md. Kabir Reza, FCMA  
Director

  
Mahbubur Rahman  
Chairman

Signed as per our report on same date

Place: Dhaka  
Dated: 17<sup>th</sup> April, 2023

Place: Dhaka  
Dated: 17<sup>th</sup> April, 2023



**AKM Kamrul Islam, FCA**  
Senior Partner, Enrollment No.-670  
Islam Aftab Kamrul & Co.  
DVC: 2304270670AS604986

NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED

Statement of Changes in Equity  
For the year ended December 31, 2022


Figures in Taka

Particulars	Paid-up Capital	Statutory Reserve	General Reserve	Revaluation reserve on Govt. Securities	Retained Earnings	Total
Balance as at January 01, 2022	1,170,312,000	630,437,168	-	-	381,484,780	2,182,233,947
Changes in accounting policy	-	-	-	-	-	-
Restated balance	1,170,312,000	630,437,168	-	-	381,484,780	2,182,233,947
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	-	-	-	-	263,139,949	263,139,949
Dividends	-	-	-	-	(175,546,800)	(175,546,800)
Issue of Bonus share	-	-	-	-	-	-
Transfer to statutory reserve	-	52,627,990	-	-	(52,627,990)	-
Balance as at December 31, 2022	1,170,312,000	683,065,157	-	-	416,449,939	2,269,827,097

Annexed notes from an integral part of these financial statements

  
Md. Sarwar Kamal, FCS  
Company Secretary

Place: Dhaka  
Dated: 17<sup>th</sup> April, 2023

  
Mohammad Shamsul Islam  
Managing Director

  
Md. Kabir Reza, FCMA  
Director

  
Mahbubur Rahman  
Chairman

NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED

Cash Flow Statement  
For the year ended December 31, 2022

A. Cash flows from operating activities

	2022 Taka	2021 Taka
Interest receipts in cash	1,481,992,085	1,604,767,353
Interest payments	(984,950,482)	(1,046,293,774)
Dividend receipts	5,467,587	7,045,236
Fees and commissions receipts in cash	500	-
Recoveries on loans previously written off	11,907,484	-
Cash payments to employees	(152,724,312)	(139,212,496)
Cash payments to suppliers	(13,386,336)	(11,786,912)
Income taxes paid	(168,332,619)	(186,176,862)
Income received from Investments	57,627,014	34,993,466
Receipts from other operating activities	19,061,902	37,446,687
Payments for other operating activities	(31,534,762)	(28,200,758)

Cash generated from operating activities before changes in operating assets and liabilities

Increase/(decrease) in operating assets and liabilities:

Statutory deposits	-	-
Purchase/sale of trading securities	-	206,587,474
Loans, advances and leases to the client	(453,960,685)	(311,096,849)
Other assets	(78,241,490)	(46,981,517)
Term deposits	(1,947,868,866)	917,839,941
Other deposits	(978,630)	(7,715,734)
Trading liabilities	-	-
Other liabilities	13,428,191	46,218,301

Net cash flow from operating activities

B. Cash flows from investing activities

Proceeds from sale of securities	(32,811,628)	(21,374,971)
Payments for purchase of securities	(445,224,852)	-
Purchase /sale of property, plant & equipment	(4,043,614)	(11,519,866)
Purchase /sale of subsidiary	-	-

Net cash from investing activities

C. Cash flows from financing activities

Receipts from issue of loan capital & debt securities	-	-
Payments for redemption of loan capital & debt securities	-	-
Receipt from ordinary shares	-	-
Loan from banks	1,264,452,386	32,461,222
Dividend paid	(175,546,800)	(175,546,800)

Net cash from financing activities

D. Net increase/(decrease) in cash

E. Effects of exchange rate changes on cash and cash equivalent

F. Cash and cash equivalent at beginning of the year

G. Cash and cash equivalent at end of the year

Cash in hand (including foreign currencies)	31,694	40,358
Balance with Bangladesh Bank and its agent bank(s) (including foreign currency)	210,920,299	209,358,124
Balance with banks and other financial institutions	1,249,881,404	3,487,102,841
Money at call and on short notice	600,000,000	-


Net Operating Cash Flow Per Share (NOCFPS) (Note- 42.01)


	(19.16)	9.21
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Annexed notes from an integral part of these financial statements

  
Md. Sarwar Kamal, FCS  
Company Secretary

Place: Dhaka  
Dated: 17<sup>th</sup> April, 2023

  
Mohammad Shamsul Islam  
Managing Director

  
Md. Kabir Reza, FCMA  
Director

  
Mahbubur Rahman  
Chairman



Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
<b>Asset</b>						
Cash in hand	31,694	-	-	-	-	31,694
Balance with Bangladesh Bank and its agents	210,920,299	-	-	-	-	210,920,299
Balance with other banks and FIs	739,881,404	410,000,000	100,000,000	-	-	1,249,881,404
Investments	182,898,009	-	-	899,845,052	-	1,082,743,061
Money at call and on short notice	600,000,000	-	-	-	-	600,000,000
Loans, advances and leases	324,939,656	20,535,119	231,913,210	2,108,702,237	11,707,328,330	14,393,418,552
Fixed assets including premises, furniture and fixtures	-	-	-	-	298,113,133	298,113,133
Other assets	229,860,193	-	336,197,583	-	572,000	566,629,776
Non-financial institution assets	-	-	-	-	-	-
<b>Total Asset</b>	<b>2,288,531,255</b>	<b>430,535,119</b>	<b>668,110,793</b>	<b>3,008,547,288</b>	<b>12,006,013,463</b>	<b>18,401,737,918</b>
<b>Liabilities</b>						
Borrowing from banks, other financial institutions and agents	1,161,258,602	-	985,385,844	-	-	2,146,644,446
Deposits and other accounts	291,787,403	-	11,370,904,655	684,100,318	125,398,457	12,472,190,833
Provision & other liabilities	349,120,975	11,128,202	440,530,490	708,890,788	3,405,088	1,513,075,542
<b>Total Liabilities</b>	<b>1,802,166,979</b>	<b>11,128,202</b>	<b>12,796,820,989</b>	<b>1,392,991,106</b>	<b>128,803,545</b>	<b>16,131,910,821</b>
<b>Net Liquidity Gap</b>	<b>486,364,276</b>	<b>419,406,917</b>	<b>(12,128,710,196)</b>	<b>1,615,556,183</b>	<b>11,877,209,918</b>	<b>2,269,827,097</b>

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

Annexed notes from an integral part of these financial statements



Md. Sarwar Kamal, FCS  
Company Secretary



Mohammad Shamsul Islam  
Managing Director



Md. Kabir Reza, FCMA  
Director



Mahbubur Rahman  
Chairman

Place: Dhaka  
Dated: 17<sup>th</sup> April, 2023

NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED

Notes to the Financial Statements  
For the year ended December 31, 2022

1.00 Company and its activities

1.01 Legal status and nature of the company

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

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

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

The registered office of the Company is located at National Plaza (7th floor), 109, Bir 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, International Accounting Standard (IASs), International Financial Reporting Standards (IFRSs), The Companies Act 1994, The Securities and Exchange Ordinance 1969, The Securities and Exchange Rule 1987, The Financial Reporting Act, 2015 and other applicable laws and regulations in Bangladesh.

2.02 Basis of Accounting

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

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

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

2.03.01 Valuation of Investments in quoted and unquoted shares and securities

**IFRS:** As per requirements of IFRS 9, classification and measurement of investment in shares and securities will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Based on these factors it would generally fall either under "at fair value through profit or loss account" or under "at fair value through other comprehensive income" where any change in the fair value (as measured in accordance with IFRS 13) at the year-end is taken to profit and loss account or other comprehensive income respectively.

**"Bangladesh Bank:** As per FID circular No. 08 dated 03 August 2002 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively.

Provision should be made for any loss arising from diminution in value of investment. As such the Company measures and recognizes investment in quoted and unquoted shares at cost if the year-end market value (for quoted shares) and book value (for unquoted shares) are higher than the cost. In order to comply with the requirement specified in DFIM Circular No. 02 dated January 31, 2012 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 IFRS 9 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 comprehensive income respectively."

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

**IFRS :** As per IFRS 9 an entity shall recognise an impairment allowance on loans and advances based on expected credit losses. At each reporting date, an entity shall measure the impairment allowance for loans and advances at an amount equal to the lifetime expected credit losses if the credit risk on these loans and advances has increased significantly since initial recognition whether assessed on an individual or collective basis considering all reasonable information, including that which is forward-looking. For those loans and advances for which the credit risk has not increased significantly since initial recognition, at each reporting date, an entity shall measure the impairment allowance at an amount equal to 12 month expected credit losses that may result from default events on such loans and advances that are possible within 12 months after reporting date.

**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 and DFIM circular no. 04, dated 26 July 2021 (Master Circular: Loan/ Lease classification and provisioning) and DFIM circular no.10, dated 04 September 2022 (Master circular of Loan/lease re-scheduling/re-structure), DFIM Circular 27 Dated 21 December 2022 and other related circulars of Bangladesh Bank a general provision at 0.25% to 5% under different categories of unclassified loans (good/ standard loans) has to be maintained irrespective of objective evidence of impairment on loans and advances. However such general provision satisfy the conditions of provision as per IFRS 9. At the year end the Company has recognized an accumulated general provision of BDT 144,531,839 (out of accumulated provision of BDT 339,591,860) under liabilities.

#### 2.03.03 Recognition of interest income in suspense

**IFRS:** Loans and advances to customers are generally classified at amortised cost as per IFRS 9 and interest income is recognised by using the effective interest rate method to the gross carrying amount over the term of the loan. Once a loan subsequently become credit-impaired, the entity shall apply the effective interest rate to the amortised cost of these loans and advances.

**Bangladesh Bank:** As per DFIM circular no. 08 dated 23 September 2012 and DFIM circular no. 04, dated July 2021, once an investment on loans and advances is termed as "Special Mention Account (SMA)", interest income from such investments are not allowed to be recognized as income, rather the respective amount needs to be created as a liability account in the balance sheet like " Interest suspense account".

#### 2.03.04 Other comprehensive income

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

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

#### 2.03.05 Financial instruments – presentation and disclosure

IFRS 7 "Financial Instruments: Discloser"

IAS 32 "Financial Instruments: Presentation"

IAS 32 and IFRS 7 is require specific presentation and discloser relation to all Financial Instruments.

##### Treatment adopted as per Bangladesh Bank:

Bangladesh Bank has issued templates for financial statements vide DFIM Circular No. 11, dated 23 December 2009 which will strictly be followed by all Banks and NBFIs.

As per Bangladesh Bank Guidelines, financial instruments are categorised, recognised and measured differently from those prescribed in IFRS 9. As such some disclosure and presentation requirements of IFRS 7 and IAS 32 have not been made in the accounts.

#### 2.03.06 Write off

Write-off describes a reduction in recognized value. It refers to recognition of the reduced or zero value of an asset. Generally it refers to an investment for which a return on the investment is now impossible or unlikely. The item's potential return is thus canceled and removed from ("written off") the Company's balance sheet. Recovery against debts written off/provided for is credited to revenue. Income is recognized where amounts are either recovered and/or adjusted against securities/properties or advances there-against or are considered recoverable.

#### 2.04 Date of Authorization

The Board of Directors has Authorized this financial statements for public issue on 17th April, 2023.

#### 2.04.01 Components of the financial statements

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

- a) Balance Sheet as at 31 December 2022.
- b) Profit and Loss Account for the year ended 31 December 2022.
- c) Statement of Cash Flows for the year ended 31 December 2022.
- d) Statement of Changes in Equity for the year ended 31 December 2022.
- e) Liquidity Statement for the year ended 31 December 2022 and
- f) Notes to the Financial Statements for the year ended 31 December 2022.

#### 2.05 Functional and Presentation Currency

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

#### 2.06 Use of Estimates and Judgments

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

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

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

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

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

##### Contingent liabilities and contingent assets

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

#### 2.07 Branch accounting

The Company has 10 (ten) branches and 3 (three) sales centre, with no overseas branch as on 31 December 2022. Accounts of the branche and sales centre are maintained at the corporate office from which these accounts are drawn up.

#### 2.08 Liquidity Analysis

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

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



## 2.09 Reporting Period

These financial statements have been prepared for the period from January 01, 2022 to December 31, 2022.

## 2.10 IAS 7: Cash Flow Statement

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

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

### 2.10.01 Cash and cash equivalent

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

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

### 2.10.02 Non-banking asset

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

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

### 2.10.03 Going concern

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

The financial statements has been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

### 2.10.04 Materiality and aggregation

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

### 2.10.05 Accounting for leases

Following IFRS 16: Leases, accounting for lease transactions have been recorded under finance lease method since all the risks and rewards incidental to ownership are substantially transferred to the lessee as per agreement. Accordingly the aggregate lease receivables excluding un-guaranteed residual value throughout the primary lease term are recorded as gross lease receivables while the excess of net lease receivables over the total acquisition cost constitutes the unearned lease income.

The unearned lease income is amortised to revenue over the primary lease term yielding a constant rate of return over the period. Initial direct costs, if any, are charged in the year in which such costs are incurred.

### 2.10.06 Accounting for leases for office rent (IFRS-16)

National Housing Finance, as a lessee, recognises a right-of-use (ROU) asset representing its right to use of the underlying leased assets and corresponding lease liability representing its obligation to make lease payments for office rent agreements with effect from 01 January 2020. The ROU asset and lease liability are recognised in the financial statements considering the incremental borrowing rate.

The ROU asset is depreciated using the straight line method from the beginning to the end of useful life of the ROU asset or end of the lease term, note reference number 9.

The lease liability is initially measured at the present value of the lease payments that are adjusted for monthly payments. Lease payments are recorded to Profit and Loss account as depreciation and finance charges, note reference numbers 14.13, 20.02 & 29.

The ROU asset and lease liability will be re-measured when there is a change in future lease payments arising from a change in borrowing rate and corresponding adjustments will be recorded.

## 2.11 Implementation of BASEL-II

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

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

## 2.12 Legal proceedings

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

## 3.00 Significant accounting policies

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

### 3.01 Authorized Capital

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

### 3.02 Paid up Capital

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

### 3.03 Statutory Reserve

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

### 3.04 Revenue Recognition

#### 3.04.01 Interest Income

##### Mortgage Loans

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

##### Lease Finance

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

##### Term Finance

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

##### Fixed Deposits

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

#### 3.04.02 Investment Income

Income on investment is recognized on accrual basis.

#### 3.04.03 Fees and Commission Income

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

## 3.05 Expenditure Recognition

### 3.05.01 Interest Paid and Other Expenses

Interest paid and other expenses are recognized on accrual basis.

### 3.05.02 Loan Loss Provision

General provision @ 1.00% & 0.25% on the unclassified loans and also additional @2.00% for unclassified deferred loan as advised by Bangladesh Bank for COVID-19 situation are made as per policy prescribed by the Bangladesh Bank. In addition to Bangladesh Bank's policy for provision against non-performing loans, the Company follows a stringent policy to make provision against its non-performing loans.

### 3.05.03 Fixed Assets

#### i) Recognition and measurement

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

Items	Rates
Building	10.00%
Newly acquired Building	3.00%
Furniture	10.00%
Office Equipment	20.00%
Motor Vehicle	20.00%
Intangible Assets	20.00%

**Right-use of Assets :** Different rates are charged on assets based on respective agreement tenures

**Intangible assets:** In accordance with 38 " Intangible assets" (computer software) are recorded at historical cost less accumulated amortization. Amortization is calculated on straight line method using the rate of 20.00% (estimated five years useful life).

### 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 6(six) months of confirmed service in the company. Gratuity is calculated on the basis of last basic salary and is payable (a) for service upto 10 years 1 (one) month last basic pay for each year of service and above 10 years 1.50 (one and half) month last 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, 2022 and consistent with the past practice.

#### 3.07.02 Deferred Tax

Deferred Tax has been accounted for as per International Accounting Standard (IAS)-12: Income Taxes. It arises due to temporary difference, deductible or taxable, for the events or transaction recognized in the income statement. A

temporary difference is the difference between the tax base of an asset or liability and its carrying amount/reported amount in the financial statement. Deferred Tax asset or liability is the amount of income tax payable or recoverable in future period (s) recognized in the current period. The Deferred Tax asset/income or liability/expense does not create a legal liability/recoverability to and from the income tax authority.

### 3.08 Earnings Per Share (EPS)

Earnings Per Share (EPS) has been computed by dividing the basic earnings by the weighted average number of ordinary shares outstanding as at December 31, 2022. 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 2022 has been stated as post balance sheet events in note 47.00.

### 3.10 Related party disclosure

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

### 3.11 Regulatory & Legal Compliances

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

- The Financial Institutions Act 1993;
- The Companies Act 1994;
- Rules and Regulations Issued by Bangladesh Bank;
- The Securities and Exchange Rules-1987;
- The Securities and Exchange Ordinance-1969;
- The Securities and Exchange Commission Act-1993;
- The Securities and Exchange Commission(Public Issue) Rules-2006;
- The Financial Institutions Regulations, 1994
- The Income Tax Ordinance 1984;
- The VAT and Supplimentary Duty Act 2012.
- The VAT and Supplimentary Duty Rule 2016.
- The 1st Schedule (under section 38) of Banking Companies Act 1991 for preparation of Financial Statements.



### 3.12 Compliance of International Accounting Standard (IAS) & International Financial Reporting Standard (IFRS)

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

Name of the IAS	IAS No	Status of Compliance
Presentation of Financial Statements	IAS-01	Applied
Inventories	IAS-02	Not Applicable
Cash Flow Statements	IAS-07	Applied
Accounting Policies, Changes in Accounting Estimates & Errors	IAS-08	Applied
Events after the Reporting Period	IAS-10	Applied
Income Taxes	IAS-12	Applied
Property, Plant & Equipment	IAS-16	Applied
Employee Benefits	IAS-19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	IAS-20	Not Applicable
The Effect of Changes in Foreign Exchange Rates	IAS-21	Not Applicable
Borrowing Costs	IAS-23	Applied
Related Party Disclosure	IAS-24	Applied
Accounting and Reporting by Retirement Benefit Plans	IAS-26	Not Applicable
Consolidated and Separate Financial Statements	IAS-27	Not Applicable
Investments in Associates and Joint Ventures	IAS-28	Not Applicable
Financial Reporting in Hyperinflationary Economics	IAS-29	Not Applicable
Interest in Joint Venture	IAS-31	Not Applicable
Financial Instrument Presentation	IAS-32	Applied
Earnings Per Share	IAS-33	Applied
Interim Financial Reporting	IAS-34	Applied
Impairment of Assets	IAS-36	Applied
Provisions, Contingent Liabilities and Contingent Assets	IAS-37	Applied
Intangible Assets	IAS-38	Applied
Investment Property	IAS-40	Not Applicable
Agriculture	IAS-41	Not Applicable
First Time adoption of IFRS	IFRS-1	Not Applicable
Share Based Payment	IFRS-2	Not Applicable
Business Combination	IFRS-3	Not Applicable
Insurance Contracts	IFRS-4	Not Applicable
Non-current Assets held for Sale and Discontinued Operations	IFRS-5	Not Applicable
Explanation for and Evaluation of Mineral Resources	IFRS-6	Not Applicable
Financial Instruments: Disclosures	IFRS-7	Applied*
Operating Segments	IFRS-8	Applied
Financial Instruments	IFRS-9	Applied*
Consolidated Financial Statements	IFRS-10	Not Applicable
Joint Arrangements	IFRS-11	Not Applicable
Disclosure of Interests in Other Entities Financial Institutions	IFRS-12	Not Applicable
Fair Value Measurement	IFRS-13	Applied*
Revenue from Contracts with customers	IFRS-15	Applied
Leases	IFRS-16	Applied

\* As the regulatory requirements differ with the standards, relevant disclosures have been made in accordance with Bangladesh Bank's requirements (please see note 2.03).

### 3.13 Financial risk management

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

#### Credit Risk

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

#### Market Risk

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

#### Liquidity Risk

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

#### Operational Risk

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

#### Money Laundering and Terrorist Financing Risk

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

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

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

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

#### Additional risks required to be addressed under regulatory requirements

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

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

### Strategic Risk

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

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

### Compliance Risk

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

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

### Reputation Risk

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

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

### Environmental & Social Risk

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

### ICT Risks

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

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

	2022 Taka	2021 Taka
<b>4.00 Cash</b>		
<b>Cash in hand:</b>		
Local currency	31,694	40,358
Foreign currencies	-	-
	<b>31,694</b>	<b>40,358</b>
<b>Balance with Bangladesh Bank and its agent Bank:</b>		
Local currency	210,920,299	209,358,124
Foreign currencies	-	-
	<b>210,920,299</b>	<b>209,358,124</b>
	<b>210,951,993</b>	<b>209,398,482</b>

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

Cash Reserve Requirement and Statutory Liquidity Reserve have been calculated and maintained in accordance with Financial Institutions Act, 1993 & Financial Institutions Regulations, 1994, FID Circular No. 06, dated 06 November 2003, FID Circular No. 02 dated 10 November 2004, DFIM Circular Letter No. 01, dated 12 January 2017 and DFIM Circular Letter No. 03, dated 21 June 2020.

Cash Reserve Requirement (CRR) has been calculated at the rate of 1.5% on Total Term Deposits (Except Bank & NBFIs deposit) which is preserved in current account maintained with Bangladesh Bank. 'Total Term Deposit' means Term or Fixed Deposit, Security Deposit against Lease/Loan and other Term Deposits, received from individuals and institutions (except Banks & Financial Institutions) and Statutory Liquidity Reserve (SLR) has been calculated at the rate of 5.0% on total liabilities, including CRR of 1.5% on Total Term Deposit. SLR is maintained in liquid assets in the form of cash in hand (notes & coin in Taka), balance with Bangladesh Bank and other Banks and Financial Institutions, unencumbered treasury bill, bond and any other assets approved by Government gazette or by Bangladesh Bank. Details of CRR & SLR maintained by the company are shown in the note: 4.01.01 & 4.01.02.

<b>4.01.01 Cash Reserve Requirement (CRR)</b>		
Required reserve	200,672,773	200,452,125
Actual reserve held	210,920,299	209,358,124
<b>Surplus/(deficit)</b>	<b>10,247,525</b>	<b>8,905,999</b>
<b>4.01.02 Statutory Liquidity Reserve (SLR)</b>		
Required reserve	709,291,438	696,520,158
Actual reserve held (including CRR)	970,859,590	3,282,459,965
<b>Surplus/(deficit)</b>	<b>261,568,153</b>	<b>2,585,939,806</b>
<b>5.00 Balance with banks and other financial institutions</b>		
<b>5.01 In Bangladesh</b>		
On current accounts (note: 5.01.01)	16,549,433	7,175,187
On Short Term Deposit (STD) Accounts (note: 5.01.02)	723,331,972	819,927,654
On Fixed Deposit Account (note: 5.01.03)	510,000,000	2,660,000,000
	<b>1,249,881,404</b>	<b>3,487,102,841</b>
<b>Outside Bangladesh</b>	-	-
	<b>1,249,881,404</b>	<b>3,487,102,841</b>
<b>5.01.01 On Current Accounts</b>		
AB Bank Limited	181,050	181,050
Agrani Bank Limited	3,501,464	368,481
Bank Asia Limited	6,383,232	3,793,411
Janata Bank Limited	625	1,430
EXIM Bank Limited	905,569	906,759
National Bank Limited	5,333,526	1,255,709
Woori Bank Limited	39,570	269,580
Trust Bank Limited	10,220	10,910
Mercantile Bank Limited	175,596	387,856
United Commercial Bank Limited	18,580	-
	<b>16,549,433</b>	<b>7,175,187</b>



#### 5.01.02 On Short Term Deposit (STD) Accounts

##### Schedule Banks:

Islami Bank Bangladesh Limited	1,862,136	2,438,468
AB Bank Limited	441,572	179,482
Commercial Bank of Ceylon PLC	3,166,649	2,194,861
Dutch Bangla Bank Limited	1,230,085	601,777
Bank Asia Limited	5,450,316	7,807,008
Mutual Trust Bank Limited	3,606,872	95,955.91
Eastern Bank Limited	2,641,922	644,749
Exim Bank Limited	4,525,347	446,667,121
Jamuna Bank Limited	18,878,684	26,235,945
Jamuna Bank Limited (Unclaimed Dividend Account)	16,642	17,597
National Bank Limited	2,340,131	10,398,503
National Credit and Commerce Bank Limited	141,263,566	1,984,013
NRB Bank Limited	1,310,456	67,651,613
NRBC Bank Limited	494,810	-
One Bank Limited	2,244,136	3,371,493
Prime Bank Limited	156,405,565	766,636
Premier Bank Limited	48,870	217,805
Pubali Bank Limited	425,094	2,063,900
Shahjalal Islami Bank Limited	270,552	1,111,158
Social Islami Bank Limited	2,191,361	1,030,127
Standard Bank Limited	5,537	1,249,722
Standard Chartered Bank Limited	82,985	99,096
Sonali Bank Limited	1,711,710	532,446
SBAC Bank Limited	53,160	155,928
Southeast Bank Limited	1,136,340	1,817,851
Trust Bank Limited	48,808	345,184
Dhaka Bank Limited	33,833,794	12,521,578
Padma Bank Limited	51,915	51,553
Uttara Bank Limited	29,890	34,069
Bank Alfalah Limited	1,055,423	551,984
Midland Bank Limited	17,147,842	-
Mercantile Bank Limited	96,459,803	1,504,697

##### Sub-Total

**500,431,972**      **594,342,321**

##### Non-Bank Financial Institutions:

International Leasing and Financial Services Limited	150,400,000	152,085,333
Premier leasing & Finance Limited	60,500,000	61,000,000
Fareast Finance Limited	12,000,000	12,500,000

##### Sub-Total

**222,900,000**      **225,585,333**

#### Total Short Term Deposit (STD) Accounts

**723,331,972**      **819,927,654**

#### 5.01.03 On Fixed Deposit Account

Dhaka Bank Limited	280,000,000	-
IPDC Finance Limited	200,000,000	-
One Bank Limited	-	200,000,000
Exim Bank Limited	-	230,000,000
NRBC Bank Limited	-	150,000,000
Social Islami Bank Limited	30,000,000	100,000,000
Agrani Bank Limited	-	1,980,000,000

**510,000,000**      **2,660,000,000**

#### 5.02 Maturity Grouping of Balance with other Banks and Financial Institutions

On demand	739,881,404	827,102,841
Up to 3 (three) months	410,000,000	2,210,000,000
More than 3 (three) months but not more than 1 (one) year	100,000,000	450,000,000
More than 1 (one) year but not more than 5 (five) years	-	-
More than 5 (five) years	-	-

**1,249,881,404**      **3,487,102,841**

#### 6.00 Money at call and on short notice

Bank		
National Credit and Commerce Bank Limited	600,000,000	-
Sub-Total	<b>600,000,000</b>	-

#### 7.00 Investments

Government securities	899,845,052	454,620,200
Other investments (note: 7.01)	182,898,009	150,086,381
Sub-Total	<b>1,082,743,061</b>	<b>604,706,581</b>

#### 7.01 Other Investments

Preference Shares (Union Capital)	3,059,496	5,059,496
Ordinary Shares (note: 7.01.01)	179,838,513	145,026,885
Sub-Total	<b>182,898,009</b>	<b>150,086,381</b>

7.01.01 Investment in ordinary shares

Name of Company	Cost Price	Number of Shares	Cost Value	Market Price	Market Value as on 31.12.2022	Provision for diminution in value of share
Eastland Insurance Company Ltd.	40.38	500,000	20,191,754	24.40	12,200,000	7,991,754
Jamuna Bank Limited	22.40	200,000	4,479,016	21.30	4,260,000	219,016
Square Pharmaceuticals Limited	232.66	306,000	71,192,975	209.80	64,198,800	6,994,175
Confidence Cement Limited	149.97	10,500	1,574,710	89.00	934,500	640,210
IDLC Finance Limited	56.61	845,000	47,832,510	46.50	39,292,500	8,540,010
Meghna Insurance Limited	10.00	4,003	40,030	42.80	171,328	(131,298)
LankaBangla Finance Limited	37.72	565,000	21,312,717	26.00	14,690,000	6,622,717
Asian Tiger Sandhani Life Growth Fund	12.49	1,050,000	13,112,379	9.70	10,185,000	2,927,379
Ring Shing Textiles Limited	11.06	1,306	14,443	9.80	12,799	1,644
Islami Commercial Insurance Company Limited	10.00	8,798	87,980	28.10	247,224	(159,244)
Preference shares (Unquoted)	-	-	-	-	-	3,059,496
<b>Total</b>			<b>179,838,513</b>		<b>146,192,151</b>	<b>36,705,858</b>

Provision for diminution in value of share

Opening Balance  
Charge /(recovery) during the year  
Balance as on December 31

	2022 Taka	2021 Taka
Opening Balance	20,327,083	22,054,730
Charge /(recovery) during the year	16,378,775	(1,727,647)
<b>Balance as on December 31</b>	<b>36,705,858</b>	<b>20,327,083</b>

7.01.02 Maturity-wise Grouping

On demand  
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

	2022 Taka	2021 Taka
On demand	182,898,009	150,086,381
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	899,845,052	454,620,200
<b>Total</b>	<b>1,082,743,061</b>	<b>604,706,581</b>

8.00 Loans and advances

Mortgage loans  
Lease finance  
Term loans  
Small & Medium Enterprises Loan  
Loan Against Fixed Deposits  
Staff loan (note: 8.05)

	2022 Taka	2021 Taka
Mortgage loans	13,618,111,185	13,068,035,423
Lease finance	46,055,201	45,454,621
Term loans	108,448,341	116,450,023
Small & Medium Enterprises Loan	564,325,354	639,393,717
Loan Against Fixed Deposits	27,740,811	43,408,540
Staff loan (note: 8.05)	28,737,659	26,715,543
<b>Total</b>	<b>14,393,418,552</b>	<b>13,939,457,867</b>

8.01 Maturity-wise Grouping of loans and advances

Up to 1 (one) months  
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  
More than 5 (five) years

	2022 Taka	2021 Taka
Up to 1 (one) months	324,939,656	252,467,985
Up to 3 (three) months	20,535,119	16,506,617
More than 3 (three) months but not more than 1 (one) year	231,913,210	150,455,893
More than 1 (one) year but not more than 5 (five) years	2,108,702,237	1,177,925,436
More than 5 (five) years	11,707,328,330	12,342,101,936
<b>Total</b>	<b>14,393,418,552</b>	<b>13,939,457,867</b>

8.02 Loans, Advances and Leases

In Bangladesh

Loans  
Leases  
Overdraft  
Cash Credit

	2022 Taka	2021 Taka
Loans	14,347,363,351	13,894,003,246
Leases	46,055,201	45,454,621
Overdraft	-	-
Cash Credit	-	-
<b>Total</b>	<b>14,393,418,552</b>	<b>13,939,457,867</b>

Outside Bangladesh

	2022 Taka	2021 Taka
Outside Bangladesh	-	-
<b>Total</b>	<b>14,393,418,552</b>	<b>13,939,457,867</b>

8.03 Geographical Location-wise Grouping

In Bangladesh

Dhaka division  
Chattogram division  
Khulna division  
Sylhet division  
Barisal division  
Rangpur division  
Rajshahi division

	2022 Taka	2021 Taka
Dhaka division	11,093,117,395	10,933,345,640
Chattogram division	1,136,000,179	1,015,085,412
Khulna division	-	-
Sylhet division	-	-
Barisal division	-	-
Rangpur division	686,340,034	628,127,262
Rajshahi division	1,477,960,945	1,362,899,554
<b>Total</b>	<b>14,393,418,552</b>	<b>13,939,457,867</b>

Outside Bangladesh

	2022 Taka	2021 Taka
Outside Bangladesh	-	-
<b>Total</b>	<b>14,393,418,552</b>	<b>13,939,457,867</b>



	2022 Taka	2021 Taka
<b>8.04 Significant Concentration-wise Grouping Directors &amp; their related parties (Note: 53.00)</b>		
<b>Staff:</b>		
Managing Director	-	-
Senior Executives	28,737,659	26,715,543
Others	27,740,811	43,408,540
	<b>56,478,470</b>	<b>70,124,083</b>
<b>Industries:</b>		
Agricultural loan	123,281,424	158,182,995
Large and medium enterprises	564,325,354	639,393,717
Small and cottage	31,222,118	3,721,649
	<b>718,828,896</b>	<b>801,298,361</b>
<b>Mortgage Loan</b>		
Home mortgage loan	11,691,120,381	11,401,383,803
Commercial mortgage loan	1,604,400,114	1,306,132,690
Project mortgage loan	322,590,690	360,518,930
	<b>13,618,111,185</b>	<b>13,068,035,423</b>
<b>Trade &amp; commercial</b>		
	-	-
	<b>14,393,418,552</b>	<b>13,939,457,867</b>
<b>8.05 Staff Loan</b>		
Personal loan	22,394,283	19,979,501
Car loan	6,343,376	6,736,042
	<b>28,737,659</b>	<b>26,715,543</b>

#### 8.06 Details of Large Loan

As at 31 December 2022 there was no client with whom amount of outstanding and classified loans, advances and leases exceeded 15.00% of the total capital of the Company. Total capital of the Company was Taka 2,404.19 million and Taka 2,320.99 million respectively as at 2022 & 2021 respectively (note: 15.05).

#### 8.07 Grouping as per Classification Rules

##### Unclassified:

Standard	13,100,048,838	12,422,549,852
Special Mention Account	295,836,231	697,380,550

##### Classified:

Sub-standard	48,512,960	130,050,984
Doubtful	311,654,003	116,749,440
Bad/loss	637,366,520	572,727,040
	<b>997,533,483</b>	<b>819,527,465</b>
	<b>14,393,418,552</b>	<b>13,939,457,867</b>

#### 8.08 Loan Type-wise Classified Loan

Mortgage loans	583,400,526	461,610,673
Lease finance	34,612,672	34,612,672
Term Finance	66,745,856	66,745,756
Small & Medium Enterprises	312,774,429	256,558,364
	<b>997,533,483</b>	<b>819,527,465</b>

	2022 Taka	2021 Taka
<b>8.09 Sector-wise Allocation of Loans, Advances and Leases</b>		
<b>Government</b>		
<b>Private:</b>		
Mortgage loan	12,013,711,071	11,761,902,733
Industry	46,055,201	45,454,621
Term Finance	108,448,341	116,450,023
Commercial loan	1,604,400,114	1,306,132,690
SME Loan	564,325,354	639,393,717
Miscellaneous	56,478,470	70,124,083
	<b>14,393,418,552</b>	<b>13,939,457,867</b>
<b>8.10 Securities Against Loans, Advances and Leases</b>		
Collateral of moveable/immoveable assets	14,336,940,082	13,869,333,784
Fixed Deposit Receipts (FDR)	27,740,811	43,408,540
Fixed Deposit of other banks	-	-
Personal guarantee	28,737,659	26,715,543
Others	-	-
	<b>14,393,418,552</b>	<b>13,939,457,867</b>

	2022 Taka	2021 Taka			
<b>8.11 Particulars of Required Provision for Loans, Advances and Leases</b>					
Status	Outstanding Loans, Advances and Leases as at 31.12.2022	Base for Provision	Rate of Required Provision	Required Provision	Required Provision
For Loans, Advances and Leases:					
<b>Unclassified-General Provision:</b>					
All unclassified Loans	12,857,413,202	12,857,413,202	1.00%	128,672,969	152,679,822
Unclassified SME loan	242,635,636	242,635,636	0.25%	2,393,209	734,062
Special Mention Account (SMA)	295,836,231	269,313,148	5.00%	13,465,661	31,117,906
<b>Sub-total:</b>	<b>13,395,885,069</b>	<b>13,369,361,986</b>		<b>144,531,839</b>	<b>184,531,790</b>
<b>Classified-Specific Provision:</b>					
Sub-standard	48,512,960	11,680,817	20.00%	2,336,164	9,906,892
Doubtful	311,654,003	78,371,768	50.00%	39,185,889	16,152,446
Bad/Loss	637,366,520	153,537,968	100.00%	153,537,968	145,952,100
<b>Sub-total:</b>	<b>997,533,483</b>	<b>243,590,553</b>		<b>195,060,021</b>	<b>172,011,438</b>
<b>Grand-total:</b>	<b>14,393,418,552</b>	<b>13,612,952,539</b>		<b>339,591,860</b>	<b>356,543,228</b>

	2022 Taka	2021 Taka
<b>8.12 Particulars of Loans, Advances and Leases</b>		
Loans considered good in respect of which the Company is fully secured	14,364,680,893	13,912,742,324
Loans considered good against which the Company holds no security other than debtors' personal guarantee	22,394,283	19,979,501
Loans considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors	6,343,376	6,736,042
Loans adversely classified-no provision not maintained there against	-	-
	<b>14,393,418,552</b>	<b>13,939,457,867</b>
Loans due by directors or officers of the bank or any of them either separately or jointly with any other persons	28,737,659	26,715,543
Loans due from companies or firms in which the directors or officers of the Company have interest as directors, partners or managing agents or, in case of private companies, as members	-	-
Maximum total amount of advance, including temporary advance made at any time during the year to directors or managers or officers of the Company or any of them either separately or jointly with any other person	-	-
Maximum total amount of advance, including temporary advances granted during the year to companies or firms in which the directors of the Company are interested as directors, partners or managing agents or, in case of private companies, as members.	-	-
Due from banks/financial institutions	-	-
<b>Classified loans, advances and leases:</b>		
a) Classified loans, advances and leases on which interest has not been charged (Note-8.07)	637,366,520	572,727,040
b) Loans written off	-	-
c) Realized from previous written off	-	-
d) Provision on bad loans, advances and leases	195,060,021	172,011,438
e) Interest credited to the interest suspense account (Note-14.05)	323,122,361	306,727,246
f) Cumulative amount of the written off loans/Leases:		
Opening balance	316,136,785	316,136,785
Amount written off during the year	-	-
Cumulative to date	316,136,785	316,136,785
Recovery from write-off	(12,739,983)	-
Written off loans for which law suit filed	303,396,802	316,136,785
<b>8.13</b> 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.		
<b>9.00 Fixed assets including premises, furniture and fixtures for 2022</b>		
<b>Cost</b>		
Opening balance	435,451,486	423,931,620
Add: Addition during the year ( Annexure - A)	4,734,278	11,519,866
	<b>440,185,764</b>	<b>435,451,486</b>
Less: Disposed during the year (Annexure-A)	(7,952,685)	-
<b>Balance as on 31.12.2022</b>	<b>432,233,079</b>	<b>435,451,486</b>
Less: Accumulated depreciation (9.02)	(134,119,946)	(123,899,677)
<b>Written down value as on 31.12.2022</b>	<b>298,113,133</b>	<b>311,551,809</b>
<b>9.02 Accumulated depreciation</b>		
Opening balance	123,899,677	104,271,118
Add: Depreciation charged during the year	17,482,290	19,628,559
	<b>141,381,967</b>	<b>123,899,677</b>
Less: Adjustment during the year	(7,262,021)	-
<b>Balance as on 31.12.2022</b>	<b>134,119,946</b>	<b>123,899,677</b>
For Details please refer to Annexure - A		

	2022 Taka	2021 Taka
<b>10.00 Other assets</b>		
<b>Income Generating Other Assets:</b>	-	-
<b>Non-income Generating Other Assets:</b>		
Advance against fixed assets (note: 10.03)	-	-
Security deposits	572,000	594,460
Advance income tax (note: 10.01)	336,197,583	320,374,157
Advance against branch office	-	-
Advance against office rent (note: 10.04)	-	-
Stamp & Security Paper	351,030	594,057
Other receivables (note: 10.02)	229,509,163	185,440,084
	<b>566,629,776</b>	<b>507,002,758</b>
<b>10.01 Advance Income Tax</b>		
Balance as at 1st January	<b>320,374,157</b>	<b>134,197,295</b>
Add: Advance tax for the year:		
Tax paid during the year	154,922,820	170,213,048
Tax deducted at source	13,409,799	15,963,814
Less: Adjusted against tax provision	(152,509,194)	-
	<b>15,823,425</b>	<b>186,176,862</b>
<b>Balance as at 31 December</b>	<b>336,197,583</b>	<b>320,374,157</b>
<b>10.02 Other Receivables</b>		
Cheque dishonored charges	152,213	192,755
Accounts receivable	90,044,256	92,799,468
Advance against Profit First Term Deposit	101,164,213	-
Interest on bank deposits	18,596,364	44,302,923
Receivable from Dhaka Stock Exchange Ltd.	-	22,083,930
Receivable from Multi Securities	4,870	5,320
Receivable from ETBL Securities	101,126	102,576
Receivable from UFT Co. Ltd	471,109	9,079,076
Legal charges receivable	18,373,037	16,246,759
Others	601,976	627,278
	<b>229,509,163</b>	<b>185,440,084</b>
<b>10.03 Advance against fixed assets</b>		
Opening balance	-	240,000
Add: Advance payment	-	-
Less : Transfer to fixed assets	-	240,000
	-	-
<b>10.04 Advance against office rent</b>		
Opening balance	-	-
Add: Advance payment	-	-
Less : Adjustment for the year	-	-
	-	-
<b>11.00 Non-banking assets</b>	-	-



	2022 Taka	2021 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:		
Eastern Bank Limited	16,479,629	312,311
Mercantile Bank Limited	99,283,162	587,533
Pubali Bank Limited	67,939,347	567,786
Mutual Trust Bank Limited	58,916	-
	<b>183,761,054</b>	<b>1,467,630</b>
Non-banking financial institution	-	-
	<b>183,761,054</b>	<b>1,467,630</b>
<b>Outside Bangladesh</b>	-	-
<b>Sub-total:</b>	<b>183,761,054</b>	<b>1,467,630</b>
<b>Term Loan :</b>		
Banking companies:		
Agrani Bank Limited	179,973,362	33,225,187
Woori Bank Limited	162,000,000	162,000,000
Pubali Bank Ltd.	287,520,000	-
NCC Bank Ltd.	300,000,000	-
Eastern Bank Limited	17,328,395	27,872,921
	<b>946,821,757</b>	<b>223,098,109</b>
Non-banking financial institution	-	-
	<b>946,821,757</b>	<b>223,098,109</b>
<b>Outside Bangladesh</b>	-	-
<b>Sub-total:</b>	<b>946,821,757</b>	<b>223,098,109</b>
<b>Bangladesh Bank Loan:</b>		
SME loan	10,380,000	41,584,173
HML Refinance Scheme	127,770,687	153,318,960
Secured loan from others	527,910,949	462,723,188
<b>Sub-total:</b>	<b>666,061,636</b>	<b>657,626,321</b>
<b>Un-secured</b>		
<b>Money at call and on short notice: (note-12.02)</b>		
Banking companies:		
	-	-
Non-banking financial institution	-	-
	-	-
<b>Un-secured Short term borrowing</b>		
Banking companies:		
	350,000,000	-
	350,000,000	-
<b>Total:</b>	<b>2,146,644,446</b>	<b>882,192,060</b>

	2022 Taka	2021 Taka
<b>12.01 Remaining Maturity Grouping of Borrowing</b>		
Payable on demand	-	-
Up to 1 (one) month	1,161,258,602	475,058,600
Over 1 (one) month to 3 (three) months	-	35,000,000
Over 3 (three) months to 1 (one) year	985,385,844	230,000,000
Over 1 (one) year to 5 (five) years	-	142,133,460
More than 5 (five) years	-	-
	<b>2,146,644,446</b>	<b>882,192,060</b>
<b>8.13 Money at call and on short notice</b>		
Money at call and on short notice normally ranges between 1-3 days. At the closing date of 31 December 2022, all Money at call and on short notice had been paid for, resulting in zero balance.		
<b>13.00 Deposits and other accounts</b>		
Bank Term deposits	100,000,000	500,000,000
Customer deposits	12,369,335,605	13,917,204,471
Other deposits (note: 13.02)	2,855,228	3,833,858
	<b>12,472,190,833</b>	<b>14,421,038,329</b>
<b>13.01 Remaining Maturity Grouping of Deposits and Other Accounts</b>		
Payable on demand	15,327,817	3,604,267
Within 1 (one) month	276,459,586	790,361,204
Over 1 (one) month to 6 (six) months	7,094,178,382	1,333,864,074
Over 6 (six) months to 1 (one) year	4,276,726,272	299,888,076
Over 1 (one) year to 5 (five) years	684,100,318	11,837,268,638
Over 5 (five) years to 10 (ten) years	125,398,457	148,710,040
More than 10 (ten) years	-	7,342,030
	<b>12,472,190,833</b>	<b>14,421,038,329</b>
<b>13.02 Other Deposits</b>		
Home mortgage loan deposit	490,354	730,354
Margin deposit	687,760	1,426,390
Refundable share money deposit	-	-
Lease deposit	1,677,114	1,677,114
	<b>2,855,228</b>	<b>3,833,858</b>
<b>14.00 Other liabilities</b>		
Provision for loans, advances, investments and others (note: 14.01 to 14.04)	385,768,426	385,283,568
Interest suspense (note: 14.05)	323,122,361	306,727,246
Provision for gratuity (note: 14.06)	8,123,227	-
Withholding tax payable	1,593,488	1,252,240
VAT & Excise duty payable	491,753	698,222
Provision for current tax (note: 14.07)	431,333,416	443,566,929
Provision for deferred tax (note: 14.09)	9,197,074	4,315,528
Interest payable (note: 14.11)	325,345,399	392,681,637
Accrued expenses (note: 14.10)	345,000	316,250
Unclaimed dividend (note: 14.12)	3,795,287	3,854,342
Lease liabilities (note: 14.13)	3,405,088	4,208,499
Accounts Payable	9,426,821	11,114,337
Sundry deposit	11,128,202	19,737,205
Sundry liabilities	-	-
	<b>1,513,075,542</b>	<b>1,573,756,003</b>

	2022 Taka	2021 Taka
<b>14.01 Specific Provision on Loans, Advances</b>		
Balance as at 1st January	181,541,849	112,712,642
<b>Less:</b> Fully provided debt written off	-	-
<b>Provision after written off</b>	181,541,849	112,712,642
<b>Add:</b> Provision made during the year	30,607,437	79,344,815
<b>Less:</b> Provision recovered	(12,739,984)	(10,515,608)
<b>Net charge in the profit &amp; loss account</b>	<b>17,867,453</b>	<b>68,829,207</b>
<b>Add:</b> Recoveries of amounts previously written off	12,739,983	-
<b>Less:</b> Written off of provision no longer required	-	-
<b>Provisions held at 31 December</b>	<b>212,149,285</b>	<b>181,541,849</b>
<b>14.02 General Provision on Loans, Advances and Leases</b>		
Balance as at 1st January	175,001,378	155,034,465
<b>Add:</b> Provision made during the year	-	21,611,993
<b>Less:</b> Provision recovered	(47,558,803)	(1,645,080)
<b>Net charge in the profit &amp; loss account</b>	<b>(47,558,803)</b>	<b>19,966,913</b>
<b>Balance as at 31 December</b>	<b>127,442,575</b>	<b>175,001,378</b>
<b>14.03 Provision on investments in share</b>		
Balance as at 1st January	20,327,084	22,054,731
<b>Add:</b> Provision made during the year	18,378,775	5,059,496
<b>Less:</b> Provision recovered	(2,000,000)	(6,787,143)
<b>Net charge in the profit &amp; loss account</b>	<b>16,378,775</b>	<b>(1,727,647)</b>
<b>Balance as at 31 December</b>	<b>36,705,859</b>	<b>20,327,084</b>
<b>14.04 Provision on others</b>		
Balance as at 1st January	8,413,257	16,326,660
<b>Add:</b> Provision made during the year	1,097,993	-
<b>Less:</b> Provision recovered	(40,542)	(7,913,403)
<b>Net charge in the profit &amp; loss account</b>	<b>1,057,451</b>	<b>(7,913,403)</b>
<b>Less:</b> Fully provided debt written off	-	-
<b>Provisions held at 31 December</b>	<b>9,470,708</b>	<b>8,413,257</b>
<b>14.05 Interest Suspense Account</b>		
Balance as at 1st January	306,727,246	225,578,590
<b>Add:</b> Interest suspense charged during the year	293,997,292	1,124,621,211
<b>Less:</b> Interest suspense realized during the year	(277,602,177)	(1,043,472,554)
<b>Net charge in the profit &amp; loss account</b>	<b>16,395,115</b>	<b>81,148,656</b>
<b>Less:</b> Interest written off	-	-
<b>Balance as at 31 December</b>	<b>323,122,361</b>	<b>306,727,246</b>

Interest suspense amount includes reserve amount of Tk. 90,834,190.07 of International Leasing and Financial Services Limited as per Bangladesh Bank Letter No. DFIM(C) 1054/43/2020-1065 dated: 14-07-2020.

#### Write-off of Loans/Leases

As per FID Circular no. 03 dated 15th March 2007 of Bangladesh Bank a financial institution should write-off its loans/leases to clean-up its financial statements subject to fulfillment of the criteria. As per Bangladesh Bank guidelines, National Housing Finance and Investments Limited has written-off its loans/leases as under:

	(Figures in Taka)	
Balance at 1st January	316,136,785	316,136,785
Net loans/leases written-off during the year	-	-
No. of agreements written-off	23	24
No. of clients written-off	18	19
Interest suspense against written-off loans/leases	-	-
Provision adjusted against written-off loans/leases	-	-
Recovery of loans/leases write-off loans/leases	(12,739,983)	-
<b>Balance of loans/leases written-off at 31 December 2022</b>	<b>303,396,802</b>	<b>316,136,785</b>

	2022 Taka	2021 Taka
<b>14.06 Provision for Gratuity</b>		
Balance as at 1st January	-	-
<b>Add:</b> Provision made during the year	8,815,744	5,544,016
<b>Less:</b> Payment made during the year	(692,517)	(5,544,016)
<b>Less:</b> Provision written back during the year	-	-
<b>Balance as at 31 December</b>	<b>8,123,227</b>	<b>-</b>
<b>14.07 Provision for Gratuity</b>		
Balance as at 1st January	443,566,929	256,882,433
<b>Add:</b> Provision made during the year	140,518,068	186,684,496
<b>Less:</b> Payment made during the year	(242,387)	-
<b>Less:</b> Provision written back during the year	(152,509,194)	-
<b>Balance as at 31 December</b>	<b>431,333,416</b>	<b>443,566,929</b>
<b>14.07.01 Provision made during the year</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 37.50% on taxable income.		
<b>14.08 Provision for taxation Net Charged for in the Profit &amp; Loss Account</b>		
Current tax (note: 14.07)	140,275,681	186,684,496
<b>Add/ (less):</b> Deferred tax	4,881,546	(11,754,663)
	<b>145,157,227</b>	<b>174,929,833</b>
<b>14.08.01 Average effective tax rates</b>		
The average effective tax rate is calculated below as per International Accounting Standard (IAS) 12: "Income Taxes".		
Tax expenses (A)	145,157,227	174,929,833
Accounting profit before tax (B)	408,297,177	436,218,676
<b>Average effective tax rate (A÷B)</b>	<b>35.55%</b>	<b>40.10%</b>
<b>14.08.02 Reconciliation of effective tax rate:</b>		
Tax using the company's tax rate	<b>37.50%</b>	<b>37.50%</b>
Tax effect of:		
Provision for non-deductible expenses	-1.88%	-1.88%
Adjustment/provision released during the year	-0.29%	7.73%
Recovery from business write-off	0.00%	0.00%
Capital gain from sale of Govt. Securities	0.00%	-0.93%
Other components of tax as per ITO 1984	0.34%	-1.07%
Difference between accounting and tax depreciation.	-0.13%	-1.25%
<b>Effective tax rate</b>	<b>35.55%</b>	<b>40.10%</b>
<b>14.09 Deferred tax liability</b>		
Balance as at 1st January	4,315,528	16,070,191
Deferred tax income/(Expenses)	4,881,546	(11,754,663)
	<b>9,197,074</b>	<b>4,315,528</b>
<b>14.09.01 Calculation of deferred tax</b>		
Carrying amount of Fixed Assets (excluding land)	232,893,140	246,331,816
Tax base value of Fixed Assets	208,367,611	234,823,743
Taxable temporary difference	24,525,529	11,508,074
Applicable tax rate	37.50%	37.50%
<b>Deferred tax assets on fixed assets</b>	<b>9,197,074</b>	<b>4,315,528</b>



	2022 Taka	2021 Taka
<b>14.10 Accrued Expenses</b>		
Promotion and publicity	-	-
Audit fees	345,000	316,250
Sundry creditors	-	-
	<b>345,000</b>	<b>316,250</b>
<b>14.11 Interest payable</b>		
Opening balance	392,681,637	467,478,487
Add: Interest charge during the year	879,830,945	972,019,341
Less : Interest paid during the year	(947,167,183)	(1,046,816,191)
	<b>325,345,399</b>	<b>392,681,637</b>
<b>14.12 Unclaim dividend</b>		
Opening balance	3,854,342	17,105,570
Add: Dividend declared	175,546,800	175,546,800
Less : Adjustment for the year	(175,605,855)	(188,798,028)
Closing balance (Year 2019- Tk. 755,162, Year 2020-Tk. 1,412,792 and Year 2021- 1,627,333)	<b>3,795,287</b>	<b>3,854,342</b>
<b>14.13 Lease Liability</b>		
Opening balance	4,208,499	4,386,049
Add: Lease liability during the year	898,482	-
Less: Lease liability adjustment during the year	(1,701,893)	(177,550)
	<b>3,405,088</b>	<b>4,208,499</b>

Movement of lease liabilities has been included due to implementation of IFRS-16 Leases (office rent).

<b>15.00 Share Capital</b>		
<b>15.01 Authorized Capital:</b>		
200,000,000 ordinary shares of Tk.10 each	2,000,000,000	2,000,000,000
<b>15.02 Issued, Subscribed and fully Paid-up Capital:</b>		
117,031,200 ordinary shares of Tk.10 each	<b>1,170,312,000</b>	<b>1,170,312,000</b>
<b>% of holding:</b>		
Sponsors	59.90%	62.21%
General public	40.10%	37.79%
	<b>100.00%</b>	<b>100.00%</b>
<b>Number of holding:</b>		
Sponsors	70,107,361	72,807,361
General public	46,923,839	44,223,839
	<b>117,031,200</b>	<b>117,031,200</b>

**15.03 Classification of shareholders by holding as required by Regulation 37 of the Listing Regulations of Dhaka Stock Exchange Limited:**

Number of shares	No of shareholders	No of shares	% of holding
Less than 500	3717	710,531	0.61%
501 to 5,000	3869	7,291,685	6.23%
5,001 to 10,000	622	4,754,179	4.06%
10,001 to 20,000	385	5,717,988	4.89%
20,001 to 30,000	107	2,735,527	2.34%
30,001 to 40,000	41	1,450,881	1.24%
40,001 to 50,000	38	1,749,048	1.49%
50,001 to 100,000	53	3,879,723	3.32%
100,001 to 1,000,000	58	13,765,237	11.76%
Above 1,000,000	20	74,976,401	64.07%
<b>Total:</b>	<b>8910</b>	<b>117,031,200</b>	<b>100.00%</b>

The Shares of the Company are listed with DSE & CSE

**15.04 Capital Requirement**

As per the Section 4(GHA) of the Financial Institutions Rule, 1994 and subsequently updated vide DFIM circular no. 05 dated July 24, 2011 of Bangladesh Bank, an NBF1 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 NBF1. Core capital consists of paid-up capital, retained earnings, statutory reserve and balance of current year's profit but in case of total capital it includes core capital plus general provision on good loans/leases. Status of the capital has given below:

Core capital (paid-up capital, retained earnings & statutory reserve etc.)

**Less:** Required minimum capital

**Surplus over minimum required capital**

Core capital (paid-up capital, retained earnings & statutory reserve etc.)

**Add:** Provision on good loan/leases

**Total capital**

**Less:** Required minimum capital

**15.05 Capital Adequacy Ratio-As per BASEL-II**

**1. Tier-1 (Core Capital)**

- 1.1 Fully Paid-up Capital/Capital Deposited with BB
- 1.2 Statutory Reserve
- 1.3 Non-repayable share premium account
- 1.4 General Reserve
- 1.5 Retained Earnings
- 1.6 Minority interest in Subsidiaries
- 1.7 Non-Cumulative irredeemable Preference shares
- 1.8 Dividend Equalization Account
- 1.9 Others (if any item approved by Bangladesh Bank)
- 1.10 Sub-Total (1.1 to 1.9)

**Deductions from Tier-1 (Core Capital)**

- 1.11 Book Value of Goodwill and value of any contingent assets which are shown as assets
- 1.12 Shortfall in provisions required against classified assets
- 1.13 Shortfall in provisions required against investment in shares
- 1.14 Remaining deficit on account of revaluation of investments in securities after netting off from any other surplus on the securities.
- 1.15 Any investment exceeding the approved limit.
- 1.16 Investments in subsidiaries which are not consolidated
- 1.17 Increase in equity capital resulting from a securitization exposure
- 1.18 Other (if any)
- 1.19 Sub-Total (1.11 to 1.18)
- 1.20 Total Eligible Tire-1 Capital (1.10-1.19)

**2 Tier-2 (Supplementary Capital)**

- 2.1 General Provision (Unclassified loans up to specified limit + SMA + off Balance Sheet exposure)
- 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)
- 2.8 Applicable Deductions if any
- 2.9 Total Eligible Tire-2 Capital (2.7-2.8)

**Total Capital**

Total risk weighted assets

Required minimum capital 10% of RWA or Tk. 100.00 crore, which is higher.

Surplus

Capital Adequacy Ratio

	2022 Taka	2021 Taka
Core capital (paid-up capital, retained earnings & statutory reserve etc.)	2,269,827,097	2,182,233,947
<b>Less:</b> Required minimum capital	(1,000,000,000)	(1,000,000,000)
<b>Surplus over minimum required capital</b>	<b>1,269,827,097</b>	<b>1,182,233,947</b>
Core capital (paid-up capital, retained earnings & statutory reserve etc.)	2,269,827,097	2,182,233,947
<b>Add:</b> Provision on good loan/leases	127,442,575	175,001,378
<b>Total capital</b>	<b>2,397,269,672</b>	<b>2,357,235,325</b>
<b>Less:</b> Required minimum capital	(1,000,000,000)	(1,000,000,000)
	<b>1,397,269,672</b>	<b>1,357,235,325</b>
1.1 Fully Paid-up Capital/Capital Deposited with BB	1,170,312,000	1,170,312,000
1.2 Statutory Reserve	683,065,157	630,437,167
1.3 Non-repayable share premium account	-	-
1.4 General Reserve	-	-
1.5 Retained Earnings	416,449,939	381,484,780
1.6 Minority interest in Subsidiaries	-	-
1.7 Non-Cumulative irredeemable Preference shares	-	-
1.8 Dividend Equalization Account	-	-
1.9 Others (if any item approved by Bangladesh Bank)	-	-
1.10 Sub-Total (1.1 to 1.9)	<b>2,269,827,097</b>	<b>2,182,233,947</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)	-	-
1.20 Total Eligible Tire-1 Capital (1.10-1.19)	<b>2,269,827,097</b>	<b>2,182,233,947</b>
2.1 General Provision (Unclassified loans up to specified limit + SMA + off Balance Sheet exposure)	134,361,711	138,765,661
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)	<b>134,361,711</b>	<b>138,765,661</b>
2.8 Applicable Deductions if any	-	-
2.9 Total Eligible Tire-2 Capital (2.7-2.8)	<b>134,361,711</b>	<b>138,765,661</b>
<b>Total Capital</b>	<b>2,404,188,807</b>	<b>2,320,999,608</b>
Total risk weighted assets	12,085,186,848	12,419,406,669
Required minimum capital 10% of RWA or Tk. 100.00 crore, which is higher.	1,208,518,685	1,241,940,667
Surplus	1,195,670,123	1,079,058,941
Capital Adequacy Ratio	19.89%	18.69%

	2022 Taka	2021 Taka
<b>16.00 Statutory reserve</b>		
Balance as at 1st January	630,437,167	578,179,399
Reserve made during the year (note-16.01)	52,627,990	52,257,769
Balance as at 31 December	<b>683,065,157</b>	<b>630,437,167</b>
<b>16.01 Reserve made during the year *</b>		
Net Profit/(loss) after taxation	263,139,949	261,288,843
Applicable Rate	20%	20%
	<b>52,627,990</b>	<b>52,257,769</b>

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

<b>17.00 Retained earnings</b>		
Balance as at 1st January	381,484,780	348,000,506
Add: Net profit after tax for the year	263,139,949	261,288,843
	<b>644,624,729</b>	<b>609,289,349</b>
<b>Less: Allocations:</b>		
Transferred to statutory reserve	(52,627,990)	(52,257,769)
Issue of Bonus Share	-	-
Dividend	(175,546,800)	(175,546,800)
	<b>(228,174,790)</b>	<b>(227,804,569)</b>
<b>Balance as at 31 December</b>	<b>416,449,939</b>	<b>381,484,780</b>

## 18.00 Income statement

### Income:

Interest, discount and other similar income (note: 19.00)	1,456,285,526	1,620,020,397
Dividend income (note: 21.00)	5,467,587	7,045,236
Fees, commission & brokerage (note: 22.00)	500	-
Gains less losses arising from investment in securities(note: 21.01)	3,420,822	21,886,995
Other operating income (note: 23.00)	15,641,081	15,559,692
	<b>1,480,815,515</b>	<b>1,664,512,320</b>

### Expenses:

Interest on borrowing, fees and commission (note: 20.00)	917,614,244	971,534,713
Losses on loan, advances and leases (note: 31.00)	(29,691,350)	88,796,120
Administrative expenses	180,791,415	166,366,410
Other operating expenses (note: 30.00)	16,542,643	14,946,334
Depreciation on banking assets (note: 29.00)	18,023,720	19,994,145
	<b>1,103,280,671</b>	<b>1,261,637,722</b>
	<b>377,534,844</b>	<b>402,874,597</b>

## 19.00 Interest income

### Interest on mortgage loan:

Home mortgage loan	1,190,199,740	1,204,149,941
Commercial mortgage loan	154,611,157	158,121,906
Project mortgage loan	23,520,371	32,173,863
	<b>1,368,331,268</b>	<b>1,394,445,710</b>

### Interest on lease finance:

Industrial equipment	612,992	606,466
Vehicles	302,280	518,374
Delinquent interest	-	-
Interest on term finance	33,456,166	50,052,417
	<b>34,371,438</b>	<b>51,177,257</b>

Interest on fixed deposits	40,259,958	124,279,100
Interest on short term deposit	8,863,373	46,466,977
Interest on loan against FDR	2,470,293	1,746,679
Interest on staff loan	1,989,196	1,904,675
	<b>1,456,285,526</b>	<b>1,620,020,397</b>

## 20.00 Interest paid on deposits, borrowings etc.

Interest paid on deposits, borrowings (Note-20.01)	917,614,244	971,534,713
Interest Expenses-Lease Liability (Note-20.02)	361,375	484,628
	<b>917,975,619</b>	<b>972,019,341</b>

## 20.01 Interest paid on deposits, borrowings

Call money interest	10,162,319	15,744,681
Secured overdraft interest	6,143,656	2,030,112
Term deposit interest	6,367,708	48,026,528
Term loan interest	38,336,638	26,909,341
Customer Deposit Int. - Kotipoti Scheme	1,050,918	696,231
Customer Deposit Int. - Education Pension Scheme	58,252	36,452
Customer Deposit Int. - Housing Deposit Scheme	198,965	125,849
Customer Deposit Int. - Mohila Savings Scheme	293,690	284,925
Customer Deposit Int. - Money Multiplier Scheme	14,038,590	11,345,464
Customer deposit interest - Term Deposit	697,432,277	782,872,966
Customer deposit interest - Income Account	47,935,510	22,343,045
Customer deposit interest - Double Money Account	6,551,712	19,346,165
Customer deposit interest - Triple Money Account	7,608,214	5,655,834
Customer deposit interest-MSS	1,927,911	2,340,571
Customer deposit interest-MLNR	10,887,332	9,683,785
Interest Expense on Term Deposit Profit First	42,089,104	-
Interest expenses on treasury bond	3,569,613	11,230,910
Interest expenses on Repo	16,617,274	1,827,380
HML refinance interest	5,527,096	7,186,840
SME loan interest	817,464	3,847,636
	<b>917,614,244</b>	<b>971,534,713</b>



	2022 Taka	2021 Taka
<b>20.02 Interest Expenses-Lease Liability</b>	361,375	484,628
<b>21.00 Investment Income</b>		
Dividend Income (note- 21.01)	5,467,587	7,045,236
Interest income from treasury bond (note-21.02)	57,627,014	24,155,143
Capital gain on sale of Govt. Treasury Bond	-	10,838,323
Gains /losses from sale of shares (note-21.03)	3,420,822	21,886,995
	<b>66,515,423</b>	<b>63,925,696</b>
<b>21.01 Dividend Income *</b>		
Dividend on ordinary shares	5,467,587	5,986,226
Dividend on preference shares	-	1,059,010
	<b>5,467,587</b>	<b>7,045,236</b>
<b>21.02 Interest income from treasury bond</b>		
Interest income from treasury bond	57,627,014	24,155,143
	<b>57,627,014</b>	<b>24,155,143</b>
<b>21.03 Gains /losses from sale of shares*</b>		
Gain on sale of shares	4,172,752	31,480,892
Loss on sale of shares	(751,930)	(9,593,898)
	<b>3,420,822</b>	<b>21,886,995</b>
*The overall market condition of shares and securities deteriorated during the financial year, which had resulted in diminution of values of shares and securities and decreased payout of dividend from investments in share in various companies. Investment income has significantly decreased due to the aforesaid reason		
<b>22.00 Commission, exchange and brokerage</b>		
Fees	500	-
	500	-
<b>23.00 Other operating income</b>		
Application, processing and documentation fees	15,138,098	15,180,661
Delinquent charge-MSS,MLNR etc.	1,480	3,075
Interest on call Money lending	-	-
Other income	501,503	375,956
	<b>15,641,081</b>	<b>15,559,692</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. 8,000/- per attendance per person.	1,610,400	1,513,600
	<b>1,610,400</b>	<b>1,513,600</b>
<b>24.02 Salaries and allowances</b>		
Salary & allowances (note: 24.02.01)	116,845,143	110,441,783
Provident fund contribution	6,036,242	5,913,702
Gratuity	8,815,744	5,544,016
Bonus	12,479,667	11,787,662
	<b>144,176,796</b>	<b>133,687,163</b>
<b>24.02.01 Salary &amp; allowances</b>		
This includes managerial remuneration of Taka 93.72 million and balance amount Taka 50.46 million is on account of staff salary, bonus and other allowances. The number of employees including contract based employees were 201 and 199 for the year 2022 & 2021 respectively.		
<b>24.03 Rent, taxes, insurance, electricity etc.</b>		
Office maintenance	2,188,372	2,156,550
Office rent	5,104,124	3,636,714
Security Guard	1,079,503	992,697
City corporation Taxes	712,800	134,158
Electricity	2,796,686	2,924,020
Utilities	271,342	328,348
Membership fees	1,492,124	1,504,124
Subscription & Donation	89,081	19,122
CSR activities	25,000	361,500
Legal and professional	282,639	250,500
Insurance (note: 24.03.01)	912,642	1,030,337
	<b>14,954,313</b>	<b>13,338,070</b>

	2022 Taka	2021 Taka
<b>24.03.01</b>		
*Taka 912,642 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 charges	-	-
	-	-
<b>25.00 Postage, stamps, telecommunication etc.</b>		
Courier	69,073	114,365
Postage	90,857	60,669
Stamps & security paper	-	-
Telephone, fax & e-mail	2,396,629	2,534,273
	<b>2,556,559</b>	<b>2,709,307</b>
<b>26.00 Stationary, printing, advertisement etc.</b>		
Printing	1,952,914	787,955
Stationery	1,176,087	1,218,462
Business Commission	3,165,534	3,823,128
Promotion & publicity	3,993,812	2,882,474
	<b>10,288,347</b>	<b>8,712,019</b>
<b>27.00 Managing Director's salary and fees</b>		
Salary & allowances	5,900,000	5,186,130
Provident fund contribution	360,000	303,871
Bonus	600,000	600,000
	<b>6,860,000</b>	<b>6,090,001</b>
<b>28.00 Auditors' fee</b>	<b>345,000</b>	<b>316,250</b>
<b>29.00 Depreciation on and repairs to assets</b>		
<b>Depreciation:</b>		
Building	573,434	637,149
Newly acquired Building	5,649,142	5,839,834
Furniture	2,476,059	2,594,415
Office equipment	4,060,535	4,548,151
Intangible Assets	2,100,000	2,100,000
Right-of-Use Asset for Lease Rent	1,987,235	3,015,383
Motor vehicle	635,885	893,627
	<b>17,482,290</b>	<b>19,628,559</b>
Repair and maintenance	541,430	365,586
	<b>18,023,720</b>	<b>19,994,145</b>
Movement of depreciation and repair of assets (Right use of lease assets) have been included due to implementation of IFRS-16 Leases (office rent).		
<b>30.00 Other expenses</b>		
Traveling expenses	227,414	165,330
Conveyance bill	3,199,132	3,024,428
Training	193,647	12,750
Bank charges and excise duty	2,785,742	2,306,281
Books, periodicals and others	-	-
Office refreshments	1,888,241	1,842,394
Motor car	5,480,641	5,919,782
Office general expenses	1,311,696	1,216,638
AGM Expenses	98,795	91,634
Software Maintenance Charge	1,000,000	-
Trade License Fees	175,235	181,528
Computer Software Expenses	152,250	145,000
Investment expenses share	29,850	40,569
	<b>16,542,643</b>	<b>14,946,334</b>

	2022 Taka	2021 Taka
<b>31.00 Provisions for loan and advances</b>		
For classified loans, advances and leases	17,867,453	68,829,207
For unclassified loans, advances and leases	(47,558,803)	19,966,913
	<b>(29,691,350)</b>	<b>88,796,120</b>
<b>31.01 Provision for investments</b>		
Made during the year	18,378,775	5,059,496
Recovery during the year	(2,000,000)	(6,787,143)
	<b>16,378,775</b>	<b>(1,727,647)</b>
<b>31.02 Others</b>		
Provisions for legal charges	1,063,138	(7,814,773)
Provisions for other (salary) charges	9,067,081	10,805,809
Provisions for cheque dishonored & clearing charges	(5,686)	(98,630)
	<b>10,124,532</b>	<b>2,892,406</b>
<b>32.00 Earnings per share</b>		
a) Earnings attributable to the ordinary shareholders(Taka)	263,139,949	261,288,843
b) Number of ordinary shares outstanding during the year	117,031,200	117,031,200
c) Weighted average number of ordinary shares outstanding during the year	117,031,200	117,031,200
d) Basic earnings per share (a/c)	<b>2.25</b>	<b>2.23</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 2022 as per IAS-33 "Earnings Per Share". No diluted EPS was required to be calculated for the year since there was no scope for dilution of shares during the year.

<b>33.00 Interest receipts in cash</b>		
Interest income from loans, advances & leases	1,456,285,526	1,620,020,397
(Increase)/decrease in interest receivable on loans, advances and leases	-	-
(Increase)/decrease in other receivable	25,706,559	(15,253,044)
	<b>1,481,992,085</b>	<b>1,604,767,353</b>
<b>34.00 Interest payments</b>		
Total interest expenses (note: 20.00)	917,614,244	971,534,713
<b>Add:</b> Opening balance of interest payable	392,681,637	467,440,698
<b>Less:</b> Closing balance of interest payable	(325,345,399)	(392,681,637)
	<b>984,950,482</b>	<b>1,046,293,774</b>
<b>35.00 Fees and commissions receipts in cash</b>		
Fees, commission and brokerage (note: 22.00)	500	-
<b>Add:</b> Opening balance of fees, commission and brokerage	-	-
<b>Less:</b> Closing balance of fees, commission and brokerage	-	-
	<b>500</b>	<b>-</b>
<b>36.00 Cash payments to employees</b>		
Staff salaries and allowances (note: 24.02)	144,176,796	133,687,163
Managing Director's salaries and allowances (note: 27.00)	6,860,000	6,090,001
<b>Add:</b> Opening balance of staff dues	11,114,337	10,549,669
<b>Less:</b> Closing balance of staff dues	(9,426,821)	(11,114,337)
	<b>152,724,312</b>	<b>139,212,496</b>

	2022 Taka	2021 Taka
<b>37.00 Cash payments to suppliers</b>		
Printing, stationary and advertisement etc. (note: 26.00)	10,288,347	8,712,019
Postage, stamps, telecommunication etc. (note: 25.00)	2,556,559	2,709,307
Repair & maintenance (note: 29.00)	541,430	365,586
<b>Add:</b> Opening balance of suppliers dues	-	-
<b>Less:</b> Closing balance of suppliers dues	-	-
	<b>13,386,336</b>	<b>11,786,912</b>
<b>38.00 Receipts from other operating activities</b>		
Other operating income (note: 23.00)	15,641,081	15,559,692
Profit on sale of share (note: 21.01)	4,172,752	31,480,892
Loss on sale of share (note: 21.01)	(751,930)	(9,593,898)
	<b>19,061,902</b>	<b>37,446,687</b>
<b>39.00 Payments for other operating activities</b>		
Directors' fees	1,610,400	1,513,600
Legal expenses	-	250,500
Auditor's fees	345,000	316,250
Office occupancy cost	8,371,999	6,785,961
City Corporation Taxes	712,800	134,158
Electricity	2,796,686	2,924,020
Utilities	271,342	328,348
Insurance	912,642	1,030,337
Other expenses (note: 30.00)	16,542,643	14,946,334
<b>Add:</b> Opening balance of outstanding payable	316,250	287,500
<b>Less:</b> Closing balance of outstanding payable	(345,000)	(316,250)
	<b>31,534,762</b>	<b>28,200,758</b>
<b>40.00 Increase/(Decrease) of other deposits</b>		
<b>Closing balance:</b>		
Term deposits	12,469,335,605	14,417,204,471
Other deposits	2,855,228	3,833,858
	<b>12,472,190,833</b>	<b>14,421,038,329</b>
<b>Opening balance:</b>		
Term deposits	14,417,204,471	13,499,364,530
Other deposits	3,833,858	11,549,592
	<b>14,421,038,329</b>	<b>13,510,914,122</b>
	<b>(1,948,847,496)</b>	<b>910,124,207</b>
<b>41.00 Sanction and disbursement</b>		
Sanction	3,595,775,000	3,238,365,395
Disbursement	2,611,232,868	2,075,406,107
Undisbursed	<b>984,542,132</b>	<b>1,162,959,288</b>
<b>41.01 Contingent liabilities (Other Commitments)</b>		
Government	-	-
Directors	-	-
Bank and other Financial Institution	-	-
Other	<b>984,542,132</b>	<b>1,162,959,288</b>
In the normal course of business, the company makes various commitments, contracts and disbursements. No material losses are anticipated as a result of these transactions. During the year 2022 the company disclosed undisbursed sanctioned loan amount Tk. 984,542,132/- as off balance sheet item under the head of other commitment.		
<b>42.00 Net Asset Value (NAV) per Share</b>		
Net Asset (Total assets less total liabilities) (A)	2,269,827,097	2,182,233,947
Total number of ordinary shares outstanding (B)	117,031,200	117,031,200
<b>Net Asset Value (NAV) per share (A ÷ B)</b>	<b>19.40</b>	<b>18.65</b>



	2022 Taka	2021 Taka
<b>42.01 Net Operating Cash Flow Per Share (NOCFPS)</b>		
Net cash flow from operating activities (A)	(2,242,493,418)	1,077,433,555
Total number of ordinary shares outstanding (B)	117,031,200	117,031,200
<b>Net operating cash flow from operating activities per share (A ÷ B)</b>	<b>(19.16)</b>	<b>9.21</b>

\*Decreased of cash inflow from operating activities for the period ended 2022 was due to increase of loan and payment of customer deposits. As a result, net operating cash flow per share (NOCFPS) at the period ended of 31 December, 2022 decreased compare to the period ended 2021.

#### 43.00 Audit committee of the board

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

SL. No	Name	Status with the Company	Status with the Committee	Educational Qualification
01	Mr. Abdul-Muyeed Chowdhury	Independent Director	Chairman	B.A (Hons), M.A.(DU)
02	Mr. Md. Kabir Reza FCMA	Director	Member	M.Com (Acc.), FCMA
03	Mr. Azmal Hossain	Director	Member	B.Com
04	Mr. Akhtar Ahmed	Director	Member	B.A (Hons), M.A.(DU), ACII (UK)
05	Mr. Siddiqur Rahman Chowdhury	Independent Director	Member	B.S.C (Hons), M.S.C (DU)

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

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

	Meeting no	Held on
Meetings held by the committee during the year by date:	52nd	28-Mar-22
	53rd	11-May-22
	54th	26-Jul-22
	55th	22-Oct-22
	56th	29-Nov-22

5 (five) meetings of the audit committee were held during the year 2022 where it carried out the following tasks:

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

#### 43.01 Highlights of overall activities

Highlights of the overall activities of the Company as at end for the year ended 31st December, 2022 are furnished below:

SL	Details	2022	2021
01	Paid-up Capital	1,170,312,000	1,170,312,000
02	Total Capital	2,269,827,097	2,182,233,947
03	Capital surplus/(deficit)	1,269,827,097	1,182,233,947
04	Total assets	18,401,737,918	19,059,220,338
05	Total deposits	12,472,190,833	14,421,038,329
06	Total loans, advances, leases & Others	14,393,418,552	13,939,457,867
07	Total contingent liabilities and commitments	984,542,132	1,162,959,288
08	Credit deposit ratio	115.40%	96.66%
09	Loan to Fund ratio	85.23%	79.72%
10	% of Classified loans against total loans and advances	6.93%	5.88%
11	Profit after tax and provisions	263,139,949	261,288,843
12	Amount of classified loans during the year	997,533,483	819,527,465
13	Provisions kept against classified loans	195,060,021	172,011,438
14	Provisions surplus/(deficit)	-	-
15	Cost of fund	7.82%	7.74%
16	Interest earnings assets	17,536,995,009	18,240,665,771
17	Non-interest earnings assets	864,742,909	818,554,567
18	Return on investments (ROI)	4.96%	4.97%
19	Return on assets (ROA)	1.40%	1.42%
20	Income from investments	66,515,423	63,925,696
21	Weighted average earnings per share (restated)	2.25	2.23
22	Price earning ratio	18.57	22.24
23	Return on equity (ROE)	11.82%	12.21%
24	Net asset value per share (NAV)	19.40	18.65

#### 44.00 Company information

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

#### 45.00 Geographical area of operation

Company's geographical area of operation was in Dhaka, Gazipur, Chattogram, Bogura, Rangpur, Feni, Rajshahi and Khulna in the year 2022.

#### 46.00 Capital expenditure commitment

There was neither any outstanding contract nor any Board authorization for capital expenditure as at December 31, 2022.

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

No material event has been occurred after the Balance Sheet date, which could materially effect the value of the financial statements except the Board of Directors in its 245th Meeting held on 17th April, 2023 has recommended to the shareholders a cash dividend @15.00% i.e Taka 1.50 for every ordinary share (amounting to BDT 175,546,800) based on financial performance for the year ended 31 December, 2022. This will be considered for approval by the shareholders at the 24th Annual General Meeting (AGM) to be held on 11 June, 2023.

**48.00 Claims against the company not acknowledge as debt**

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

**48.01 Disclosure as required by FRC**

Ref. no. 178/FRC/APR/2021/28(24) dated 23 December 2021 with further reference of DFIM circular no. 8 dated 17 August 2021.

National Housing Finance did not disburse or renew any loan in favor of any company or public interest entity after issuance of the said circular.

**49.00 Credit facility availed**

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

**50.00 Closing price of share**

The Company traded its ordinary shares in CDBL through DSE & CSE from 1st January 2009. The closing market price on the closing of the year was Tk.41.80 and Tk.41.70 respectively in the DSE & CSE.

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

Ministry of Finance (MoF) and Bangladesh Bank (BB) have reviewed the law and proposed to the Ministry of Labor to exclude Banks and Non-Banking Financial Institutions from the requirements of the law regarding the provision of Worker's Profit Participation Fund and accordingly Ministry of Finance issued a letter on 14 February 2017 to the Ministry of Labor to waive Banks and Non-Banking Financial Institutions from the purview of the requirement(s) of the Bangladesh Labor Act 2013.

However, NHFIL maintain adequate retained earnings to keep required provision for Worker's Profit Participation Fund subject to the final clearance from the Ministry of Labor since the matter stands still unresolved.

**52.00** Previous year's figures have been rearranged where necessary to conform to current year's presentation. Figures have been rounded nearest Taka.**53 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
Mr. Mahbubur Rahman Representing Eastland Insurance Co. Limited	Chairman	ETBL Holdings Limited	Chairman & CEO
		Eastern Trading (Bangladesh) Limited	Chairman & CEO
		ETBL Development Construction Limited	Chairman & CEO
		ETBL Securities & Exchanges Limited	Chairman & CEO
		Progressive Investments Limited (successors to the National Rubber Industries)	Chairman & CEO
		Century Cold Storage Limited	Chairman & CEO
		Eastland Insurance Co. Limited	Chairman
		International Publications Limited	Chairman
Syed M. Altaf Hussain Representing Pragati Insurance Limited	Vice Chairman	Karnaphuli Fertilizer Co. Ltd. (KAFCO)	Director
		Pragati Insurance Limited	Chairman
		WW Grains Corp. representing Cargill Inc. USA	CEO
		Sonic Allied Industries Limited	CEO
Mr. Md. Kazim Uddin Representing National Life Insurance Co. Limited	Director	WW Properties Limited	CEO
		The Daily Janata	Chairman
Mr. Md. Kazim Uddin Representing National Life Insurance Co. Limited	Director	National Life Insurance Company Limited	Chief Executive Officer
Mr. Akhtar Ahmed Representing Reliance Insurance Limited	Director	Reliance Insurance Limited	Chief Consultant
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. Limited	Vice Chairman
		Hashem Paper Mills Limited	Managing Director
Mr. Md. Kabir Reza, FCMA Representing Square Pharmaceuticals Limited	Director	Square Pharmaceuticals Limited	Executive Director
Mr. A.K.M. Moinuddin, FCA Representing Bangladesh Lamps Limited	Director	Bangladesh Lamps Limited	Consultant
Mr. Abdul-Muyeed Chowdhury	Independent Director	Tiger Tours Ltd.	MD & CEO
		Grameenphone Limited	Independent Director
		ACI Formulations Ltd.	Independent Director
		Desh Garments Ltd.	Independent Director
		Summit Alliance Port Ltd.	Nominated Director
		ACI Ltd.	Nominated Director
		PEB Steel Alliance Ltd	Independent Director
		MJL Bangladesh Limited	Nominee Director
		Omera Fuels Ltd.	Nominee Director
		Omera Petroleum Ltd.	Nominee Director
		Omera Cylinders Ltd.	Nominee Director
		BRAC University	Founding Member, Trustee Board
		GSS Bangladesh	Chairman
BIRDEM Hospital	Chairman, Management Board		
Mr. Siddiqur Rahman Choudhury	Independent Director	Social Marketing Company (SMC)	Director
		SMC Enterprise Ltd.	Director



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

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

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

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

53.05 Related party transactions

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

Name of related	Transaction	Balance at year end (receivable)/payable Taka
National Bank Limited (Sponsor)	STD/CD account	(7,673,657)
National Life Insurance Co. Limited (Sponsor Director)	Term deposit	50,000,000
Pragati Insurance Limited (Sponsor Director)	Term deposit	22,505,912
Square Pharmaceuticals Limited (Sponsor Director)	Term deposit	3,640,000,000
Reliance Insurance Co. Limited (Sponsor Director)	Term deposit	200,000,000
Bangladesh Lamp (Sponsor Director)	Term deposit	70,546,633

  
Md. Sarwar Kamal, FCS  
Company Secretary

  
Mohammad Shamsul Islam  
Managing Director

  
Md. Kabir Reza, FCMA  
Director

  
Mahbubur Rahman  
Chairman

Fixed assets including premises, furniture and fixtures for 2022

(Annexure-A)

Figures in Taka

Particulars	Cost			Rate	Depreciation			Written down value as on 31.12.21	Written down value as on 31.12.22
	Balance as on 01.01.22	Disposed during the year	Addition during the year		Balance as on 01.01.22	Adjustments for disposal	Charged during the year		
Land	65,219,993	-	-	-	-	-	-	65,219,993	-
Existing Building	39,289,100	-	-	10.00%	31,340,916	-	573,434	7,374,750	7,948,184
Newly acquired Building	211,494,142	-	-	3.00%	30,052,326	-	5,649,142	175,792,674	181,441,816
Furniture	41,970,864	-	1,410,859	10.00%	18,621,134	-	2,476,059	22,284,530	23,349,731
Office equipment	44,149,124	-	2,110,075	20.00%	25,956,523	-	4,060,535	16,242,141	18,192,601
Intangible Assets	10,500,000	-	-	20.00%	3,570,000	-	2,100,000	4,830,000	6,930,000
Right-use of lease Assets	10,459,498	5,009,085	1,213,344	-	5,564,520	4,713,504	1,987,235	3,825,506	4,894,978
Motor vehicle	12,368,765	2,943,600	-	20.00%	8,794,258	2,548,517	635,885	2,543,539	3,574,507
<b>Total:</b>	<b>435,451,486</b>	<b>7,952,685</b>	<b>4,734,278</b>		<b>123,899,677</b>	<b>7,262,021</b>	<b>17,482,290</b>	<b>298,113,133</b>	<b>311,551,809</b>

## OUR BRANCH NETWORK

<p><b>Principal Branch</b> National Plaza (8<sup>th</sup> Floor), 109, Bir Uttam C. R. Datta Road (Ex-Sonargaon Road), Dhaka-1205. ☎: +88 02 9632587-88, +88 02 9632590-93, +88 09609200555 (Ext. 231) ☎: +88 02 9671016, ✉: principal@nationalhousingbd.com</p>	<p><b>Motijheel Branch</b> Fazlur Rahman Center (2<sup>nd</sup> Floor), 72, Dilkusha C/A, Dhaka-1000. ☎: +88 02 9567103, +88 02 9550071, +88 09609200555 (Ext. 300) ☎: +88 02 9565493, ✉: motijheel@nationalhousingbd.com</p>
<p><b>Gulshan Branch</b> Bashati Avenue (4<sup>th</sup> Floor), Plot: 10, Road: 53, Gulshan-2, Dhaka-1212. ☎: +88 09609200556, +88 09609200555 (Ext. 201) ✉: gulshan@nationalhousingbd.com</p>	<p><b>Chattogram Branch</b> Aziz Court (11<sup>th</sup> Floor), 88-90, Agrabad C/A, Chattogram. ☎: +88 031 713803, +88 09609200555 (Ext. 500) ☎: +88 031 713804 ✉: chittagong@nationalhousingbd.com</p>
<p><b>Bogura Branch</b> Jamil Shopping Center (3<sup>rd</sup> Floor), Borogola, Bogura-5800. ☎: +88 02589905440, 02589903009 +88 09609200555 (Ext. 600) ☎: +88 02589905440 ✉: bogura@nationalhousingbd.com</p>	<p><b>Rangpur Branch</b> Nirala Complex (3<sup>rd</sup> Floor), House: 18, Paira Chattor, Rangpur Sadar, Rangpur. ☎: +88 0521 56381-2, +88 09609200555 (Ext. 701) ☎: +88 0521 56382 ✉: rangpur@nationalhousingbd.com</p>
<p><b>Gazipur Branch</b> M.A.S. Square (6<sup>th</sup> Floor), Chandona Chowrasta, Gazipur. ☎: +88 02 49263465-67 +88 09609200555 (Ext. 400) ✉: gazipur@nationalhousingbd.com</p>	<p><b>Feni Branch</b> Kazi Plaza (3<sup>rd</sup> Floor), 107, S.S.K. Road, Feni Sadar, Feni. ☎: +88 0331 74503-4 +88 09609200555 (Ext. 800) ✉: feni@nationalhousingbd.com</p>
<p><b>Rajshahi Branch</b> House: 37 (2<sup>nd</sup> Floor), Ghoramara, Boaliapara, Rani Bazar, Boalia, Rajshahi. ☎: +88 0721 771172-73 +88 09609200555 (Ext. 901) ✉: rajshahi@nationalhousingbd.com</p>	<p><b>Khulna Branch</b> City Trade Center (5<sup>th</sup> Floor), Plot No.-75, KDA Avenue, Shibbari Moar, Khulna. ☎: +88 09609200555 (Ext. 930) ✉: Khulna@nationalhousingbd.com</p>

## Sales Center

<p><b>Signboard Sales Center</b> Samad Banu Tower (2<sup>nd</sup> Floor), Signboard, Sidhirgonj, Narayangonj. ☎: +88 01675512871</p>	<p><b>Mirpur Sales Center</b> Kamal Tower (1<sup>st</sup> Floor), 24/1, Pallabi, Mirpur-11½ Dhaka-1216. ☎: +88 01673424655</p>	<p><b>Uttara Sales Center</b> City Axis Jahanara, Suit-5B (5<sup>th</sup> floor), Plot- 68, Road-3, Sector-14, Gausul Azam Avenue, Uttara, Dhaka. ☎: +88 01921778711</p>
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## OCCASIONS AND EVENTS



23<sup>rd</sup> Annual General Meeting (Virtually).



Board congratulate Mr. Mahbubur Rahman, Chairman on his receiving Business Excellence Award under "Jury Special" category from FBCCI



Agreement with Bangladesh Bank for Refinance Scheme against Term Loans to Cottage, Micro, Small and Medium (CMSME) sector



MoU signing with building technology & ideas ltd



MoU signing with Imperial Properties Limited



OCCASIONS AND EVENTS



Inogration of Khulna Branch



NBFi Fair 2022



Inogration of Uttara Sales Centre



Business Performance Award (Asset)



Women's Day Celebration 2022



Business Performance Award (Liability)

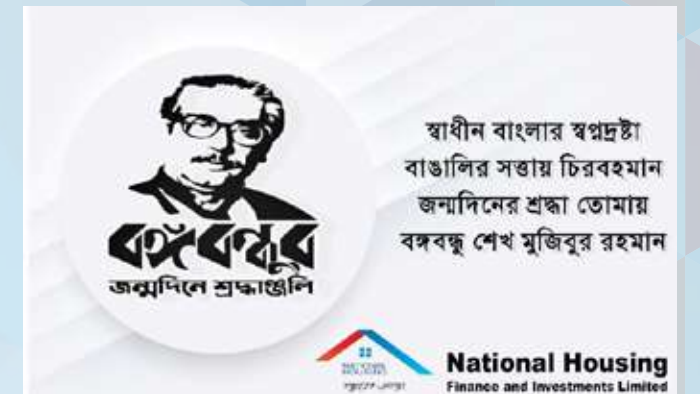


Family Day-2023



Family Day-2023

GREETINGS





## ANNUAL REPORT REVIEW CHECKLIST

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**National Housing Finance and Investments Limited**



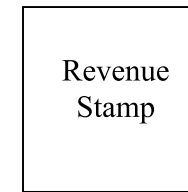
**National Housing Finance and Investments Limited**  
Registered Office: National Plaza (7<sup>th</sup> & 8<sup>th</sup> Floor)  
109, Bir Uttam C.R. Datta Road, Dhaka-1205.

### 24<sup>th</sup> Annual General Meeting PROXY FORM

I/We ..... of  
..... being a member of  
National Housing Finance and Investments Limited and a holder of ..... Shares hereby  
appointed Mr./Ms. ....  
of ..... as my/our proxy to attend and vote for  
me/us and on my/our behalf at the 24<sup>th</sup> Annual General Meeting of the company to be held on  
Sunday, June 11, 2023 at 12.00 noon (Dhaka time) and at any adjournment thereof.

Signed this ..... day of June, 2023

(Signature of Proxy)  
Name:



(Signature of Member)  
Name:

Folio/BO ID No.

**Note:**

- This form of proxy, duly completed, must be deposited through email at [share@nationalhousingbd.com](mailto:share@nationalhousingbd.com) at least 72 hours before the meeting. Proxy is invalid if not signed and stamped as above.
- Signature of the shareholders should agree with the specimen signature registered with the Company and Depository Register.



**National Housing Finance and Investments Limited**  
Registered Office: National Plaza (7<sup>th</sup> & 8<sup>th</sup> Floor)  
109, Bir Uttam C.R. Datta Road, Dhaka-1205.

### 24<sup>th</sup> Annual General Meeting Attendance Slip

I hereby record my attendance at the **24<sup>th</sup> Annual General Meeting** of National Housing Finance  
and Investments Limited as a holder of ..... shares of the Company.

Name of Member/Proxy :

Folio/ BO ID No. :

(Signature of Member/proxy)

**Note:**

- Signature of the shareholders should agree with the specimen signature registered with the Company and Depository Register.