



Financing Dreams, Protecting Investments



ANNUAL REPORT 2023



National Housing Finance PLC.

LETTER OF TRANSMITTAL

31 July 2024

To
The Shareholders
Bangladesh Bank
Bangladesh Securities and Exchange Commission
Registrar of Joint Stock Companies & Firms
Dhaka Stock Exchange PLC
Chittagong Stock Exchange PLC

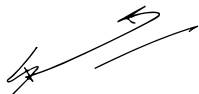
Subject: Annual Report for the year ended December 31, 2023

Dear Sir/Madam,

We are pleased to enclose herewith a copy of the Annual Report 2023 of National Housing Finance PLC containing Directors' Report and Auditor's Report along with the Audited Financial Statements for the year ended December 31, 2023 for your kind information and record.

Thanking you.

Sincerely Yours,



(Md. Sarwar Kamal FCS)
Company Secretary



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HOTLINE +88 09609 200 555

শুদ্ধতম আর্থিক সেবার প্রতিশ্রুতি নিয়ে
ইসলামী শরিয়াহভিত্তিক ব্যাংকিং-এ আমাদের পদার্পণ।



National Housing Finance PLC.

NATIONAL HOUSING FINANCE PLC

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

Notice of the 25th Annual General Meeting (Virtually)

Notice is hereby given that the 25th Annual General Meeting (AGM) of National Housing Finance PLC will be held on Wednesday, September 25, 2024 at 12.00 noon (Bangladesh Standard Time) virtually by using digital platform through the following link: <https://agmbd.live/Nationalhousing> to transact the following businesses:

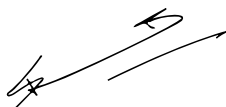
Agenda:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended December 31, 2023 together with Auditors' Reports thereon and the Directors' Report.
2. To declare Dividend for the year ended December 31, 2023.
3. To elect Directors in accordance with the relevant provisions of the Articles of Association of the Company.
4. (a) To appoint Statutory Auditors for the year 2024 and fix their remuneration.
(b) To re-appoint Corporate Governance Auditors for the year 2024 and fix their remuneration.

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

By order of the Board

QR Code:




(Md. Sarwar Kamal FCS)
Company Secretary

Dated: July 31, 2024

Notes:

- (i) Record Date is August 22, 2024. Members, whose names appeared on the Depository/Members Register as on "Record Date" i.e. August 22, 2024 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 48 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://agmbd.live/Nationalhousing>
- (iii) We encourage the Members to log in to the system prior to the meeting start time of 12:00 noon (Dhaka time) on September 25, 2024. Please allow ample time to login and establish your connectivity. The webcast will start at 12:00 noon (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** 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 20th June, 2018, soft copy of Annual Report 2023 will be sent through e-mail as per registered e-mail ID received from CDBL. The soft copy of the Annual Report 2023 will also be available on the company's website at: **www.nationalhousingbd.com**.



CORPORATE INFORMATION

CORPORATE INFORMATION & KEY MILESTONES

Registered Name	: National Housing Finance PLC changed from 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
Date of Listing:-	
• Chittagong Stock Exchange	: November 11, 2008
• Dhaka Stock Exchange	: December 23, 2008
First Lease Finance	: February 22, 2004
Opening of Branches:-	
• Motijheel	: August 18, 2001
• Chattogram	: April 06, 2004
• Gulshan	: June 01, 2004
• Bogura	: April 19, 2009
• Rangpur	: October 16, 2014
• Principal	: March 22, 2016
• Gazipur	: December 01, 2018
• Feni	: December 21, 2019
• Rajshahi	: December 28, 2019
• Khulna	: October 06, 2022
Opening of Shariah Based Business wings	: April 08, 2024

Corporate Head Office:

Concord Baksh Tower (7th Floor), Plot: 11-A, Road: 48, Block: CWN(A), Gulshan-2, Dhaka-1212,
Tel: +88 09609200555, Fax: +88 02 58811652,

Registered Office:

National Plaza (7th Floor), 109, Bir Uttam C.R Datta Road (Ex-Sanargaon Road), Dhaka-1205
Tel: +88 02 9632587-88, +88 02 9632590-93, Fax: +88 02 223361016

Web:

www.nationalhousingbd.com,

E-mail:

info@nationalhousingbd.com

Auditors:

Mahfel Huq & Co.
BGIC Tower (4th Floor)
34, Topkhana Road, Dhaka-1000, Bangladesh

Corporate Governance Auditor

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

Legal Advisor:

Barrister Masudur Rahman (Masudur Rahman & Associates)
Advocate Abdul Quddus (Law and Remedy)
Barrister Nuruzzaman (Capital Law Chamber)

Membership:

Bangladesh Association of Finance Companies (BAFC)
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)
The Institute of Bankers, Bangladesh (IBB)

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

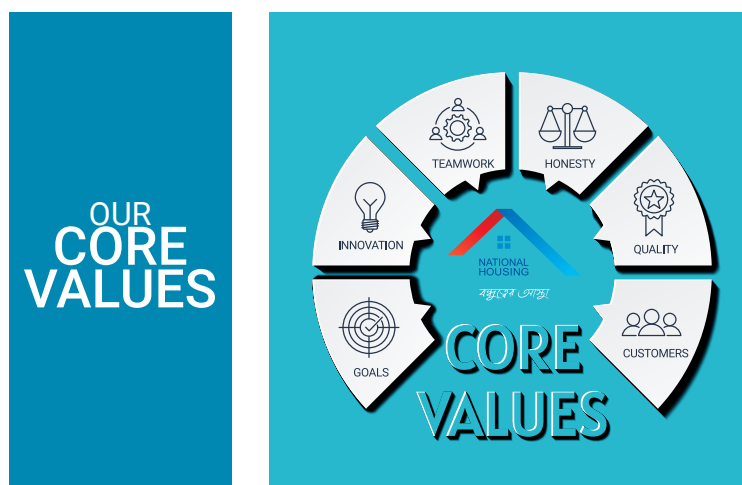


To build up excellent client relationship and long-term value to the shareholders.

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.

OUR STRATEGIC OBJECTIVES



- 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 PLC 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 8,843 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 Finance 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

Shari'ah Based Islamic Products:

Deposit Products:

- Mudaraba Term Deposit
- Mudaraba Senior Citizen Term Deposit
- Mudaraba Periodical Income Scheme
- Mudaraba Probable Money Multiplier Scheme
- Mudaraba Monthly Savings Scheme
- Mudaraba Pension Deposit Scheme
- Mudaraba Probable Millionaire Scheme
- Mudaraba Housing Deposit Scheme
- Mudaraba Mohila Savings Scheme
- Mudaraba Probable Kotipoti Scheme
- Mudaraba Hajj Savings Scheme

SME Finance

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

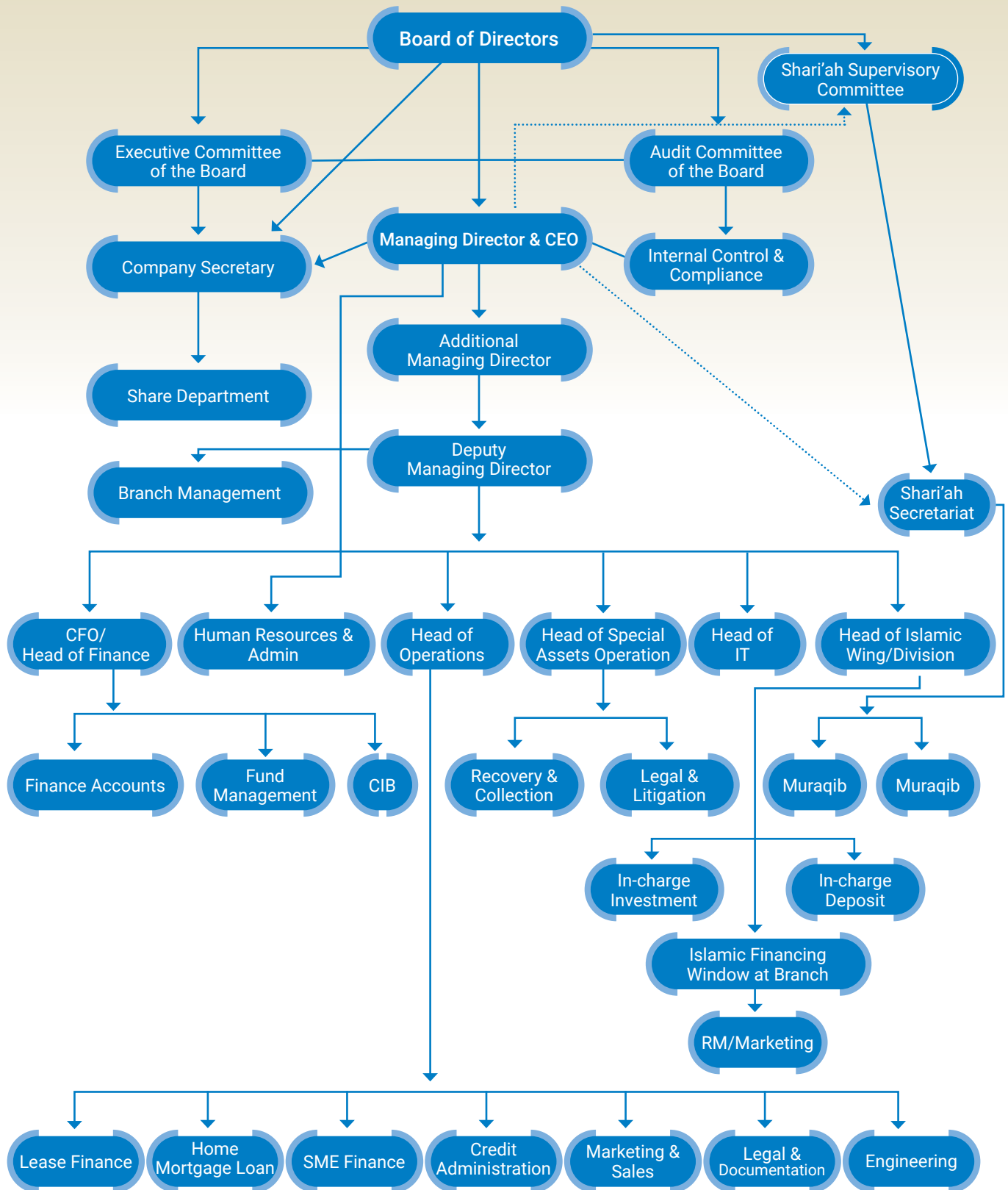
Deposit Schemes

- 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

Investment Products:

- HPSM - House/Apartment Purchase Project
- HPSM - House Construction Project
- HPSM - House Renovation Project
- HPSM - Commercial Space/Chamber Purchase Project
- HPSM - Housing Plot Purchase Project
- HPSM - Car/Machinery Investment Project

ORGANIZATIONAL STRUCTURE



6-YEARS FINANCIAL HIGHLIGHTS

Business Environment and Its likely impact on the Financial Performance of NHF PLC

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)

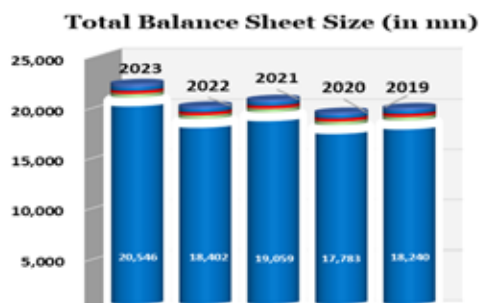
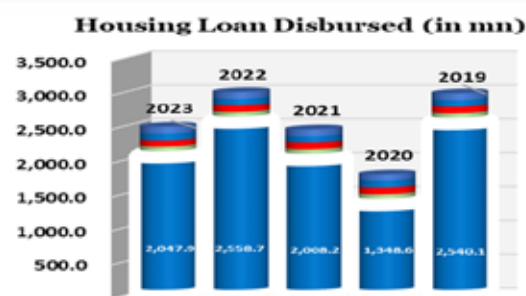
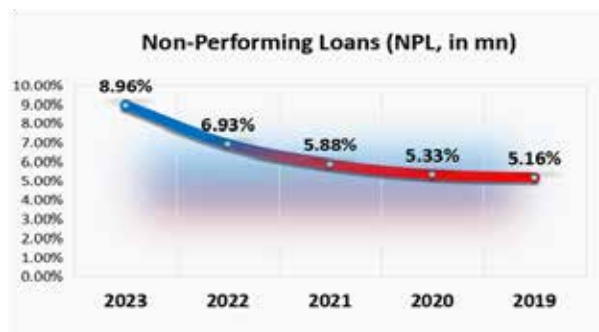
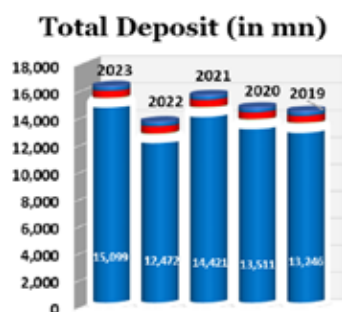
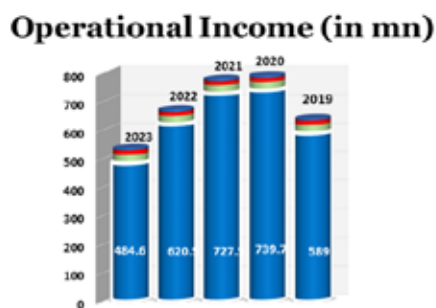
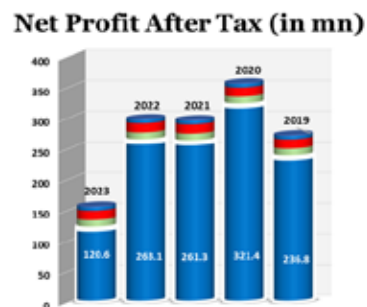
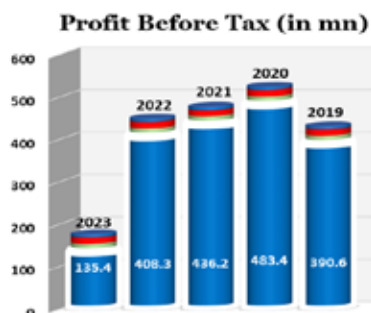
Particulars	2023	2022	2021	2020	2019	2018
Operational Highlights						
Housing loan sanction	2,446.86	3,188.08	3,151.67	2,024.72	3,936.25	4,401.60
Lease, Term and SME loans sanction	24.70	27.50	86.70	23.80	2.00	151.60
Housing loan disbursed	2,047.92	2,558.69	2,008.21	1,348.61	2,540.13	3,021.22
Lease, Term and SME loans disbursed	24.70	52.54	67.20	21.30	86.88	228.72
Cumulative housing loan disbursed	28,336.33	26,288.41	23,729.72	21,721.51	20,372.90	17,832.78
Cumulative lease, Term and SME loans disbursed	8,188.89	8,164.19	8,111.65	8,044.45	8,023.15	7,936.27
Cumulative housing loan sanction	35,070.60	32,623.74	29,435.66	26,283.99	24,259.27	20,323.02
Cumulative lease, Term and SME loans sanction	8,304.90	8,280.20	8,252.70	8,166.00	8,142.20	8,140.20

Financial Highlights						
Operational income	484.56	620.47	727.49	739.70	588.97	684.22
Operational expenses	229.91	215.36	201.31	199.13	195.68	170.47
Financial expenses	1,056.98	917.98	972.02	1,343.66	1,486.02	1,344.11
Administrative Expenses	194.17	180.79	166.37	168.07	164.37	143.79
Profit before tax	135.42	408.30	436.22	483.36	390.62	447.59
Provision for taxes	14.79	145.16	174.93	161.97	153.82	171.82
Net profit after tax	120.63	263.14	261.29	321.39	236.81	275.77
Shareholders' fund	2,214.91	2,269.83	2,182.23	2,096.49	1,892.13	1,774.23
Total deposit	15,098.89	12,472.19	14,421.04	13,510.91	13,245.55	16,149.00
Total borrowing	1,703.57	2,146.64	882.19	849.73	1,629.48	1,760.75
Total loan portfolio	14,328.81	14,393.42	13,939.46	13,628.36	13,494.88	12,363.97
Total balance sheet size	20,545.83	18,401.74	19,059.22	17,782.57	18,239.70	20,980.85
NPL ratio (%)	8.96%	6.93%	5.88%	5.33%	5.16%	4.21%

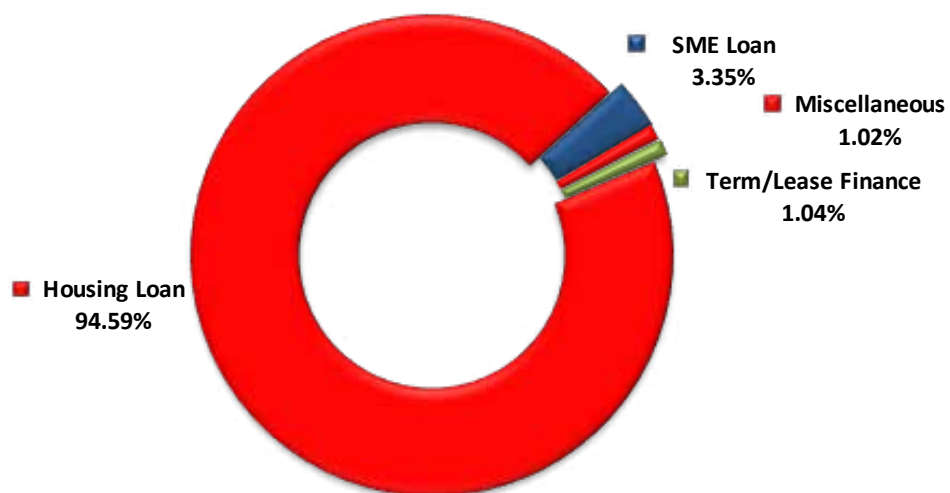
Financial ratios						
Earnings per share	1.03	2.25	2.23	2.75	2.02	2.36
Dividend per share	10.00%	15.00%	15.00%	15.00%	10.00%	20.00%
Net asset value per share	18.93	19.40	18.65	17.91	16.17	15.16
Financial expenses coverage (times)	1.13	1.44	1.45	1.36	1.26	1.33
Profit margin (before tax)	8.78%	26.54%	25.67%	23.20%	18.83%	22.07%
Profit margin (after tax)	7.83%	17.10%	15.37%	15.43%	11.41%	13.60%
Return on equity	5.38%	11.82%	12.21%	16.12%	12.96%	15.60%
Debt equity ratio	7.91	6.44	7.73	7.48	8.40	10.62

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

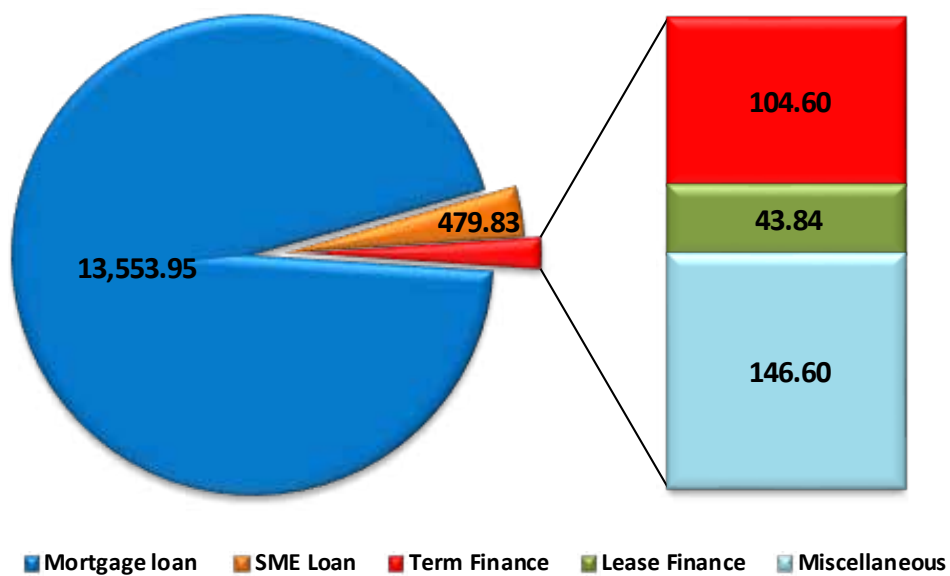
Graphs on 5-Years Financial Highlights



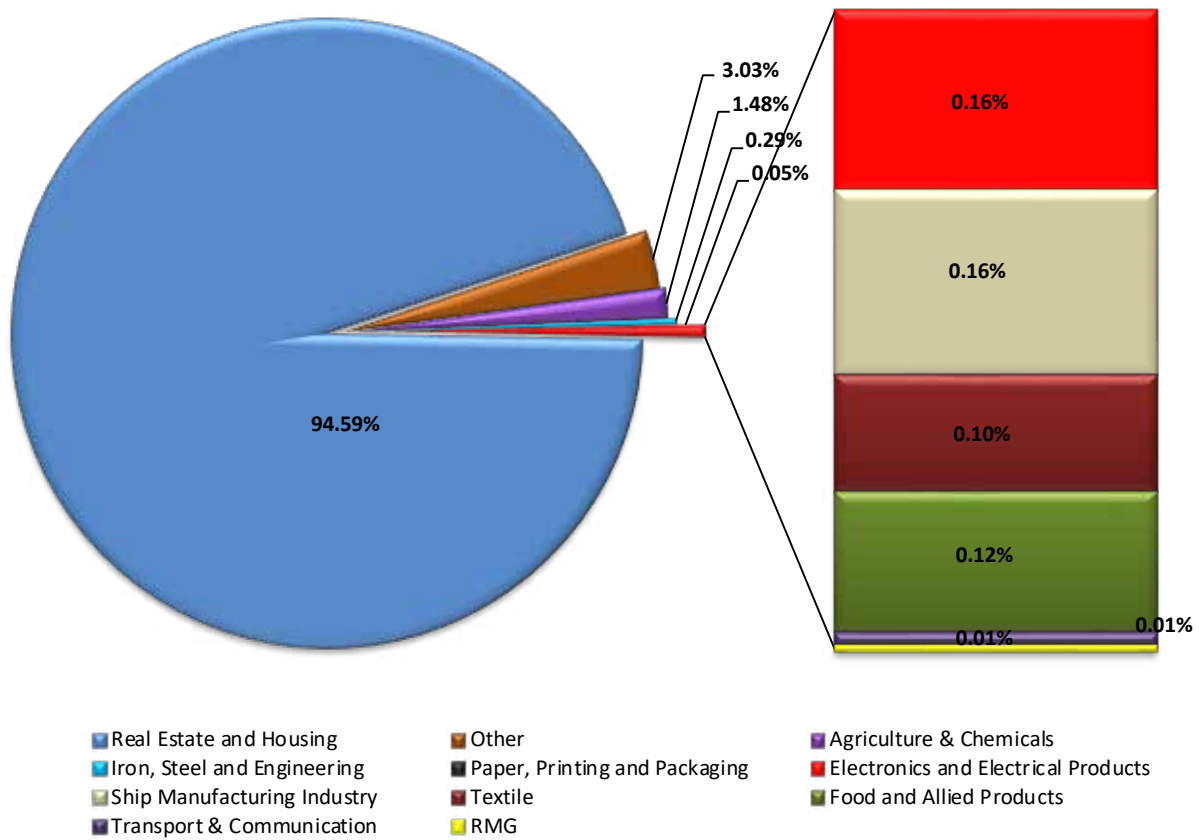
OUTSTANDING PORTFOLIO



PORTFOLIO MIX



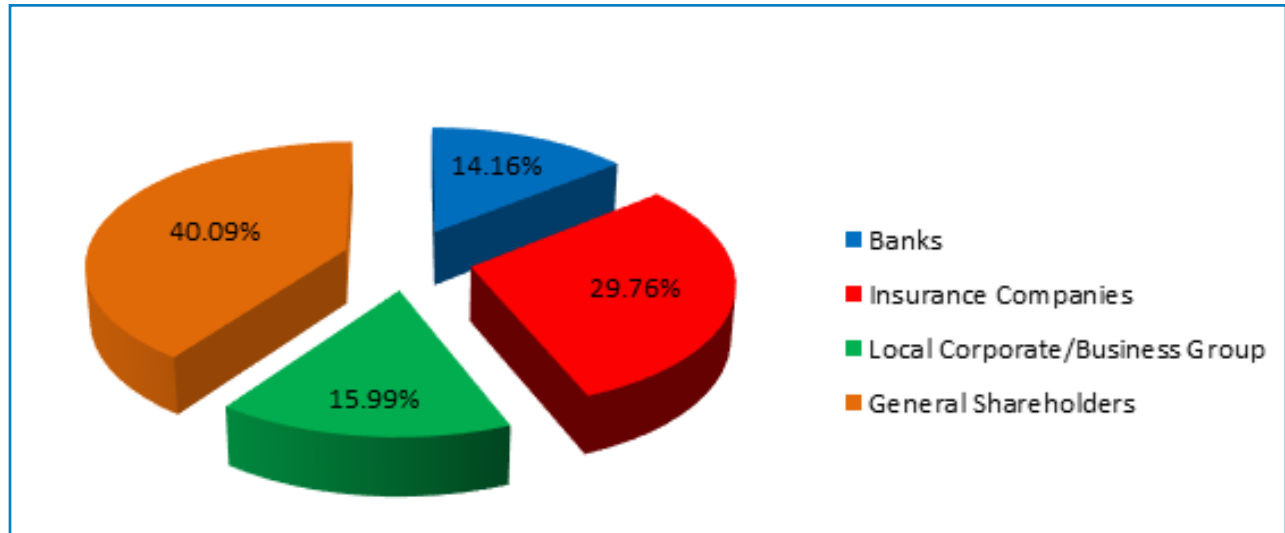
SECTORAL PORTFOLIO





STAKEHOLDERS

SHAREHOLDING STRUCTURE



OUR PROMOTERS





BANKING PARTNERS

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



Mr. Mahbubur Rahman

[Representing Eastland Insurance Co. Ltd.]

- Chairman, Board of Directors
- Chairman, Risk Management Committee
- Member, Executive Committee

Mr. MAHBUBUR RAHMAN a Non-Executive Nominee Director is a legendary business leader of the country. Mr. Rahman is the 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 67th 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 50th 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, Board of Directors
- Member, Executive Committee
- Member, Risk Management Committee

SYED M. ALTAF HUSSAIN a Non-Executive Nominee Director is a renowned businessman of the country. He 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 36 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
- Chairman, Executive Committee
- Member, Risk Management Committee

Mr. MD. KABIR REZA FCMA a Non-Executive Nominee Director is a renowned professional is the group Executive Director of Square Group. He is a Fellow member of Institute of Cost and Management Accountant. He obtained B.Com (Hons) and M. Com. from Rajshahi University. A man of strong personality and unbendable principle, his long business and private service career are decorated with unmatched success.

Mr. Reza started his career with Rafkhat Group of companies as an Assistant Manager (Accounts) from 1991 to 1993. Then he took the responsibility of chief accountant of Bangladesh Engineering & Technological Services limited during the period from 1993 to 1995. At the height of his professional career, he is working as Executive Director of Accounts and Finance of Square Pharmaceuticals Limited.



Mr. Abdul-Muyeed Chowdhury

- Independent Director
- Chairman, Audit Committee
- Member, Risk Management Committee

Mr. ABDUL-MUYEED CHOWDHURY an Independent Director is a former Secretary, Government of Bangladesh was a civil servant belonging to the erstwhile Civil Service of Pakistan (CSP) cadre which he joined in October 1967. He has extensive experience in administration working with the Government of Bangladesh in field level assignments as Deputy Commissioner and Divisional Commissioner as well as at the policy level as Secretary in several ministries. He served as an Adviser to the non-party Caretaker Government of Bangladesh in 2001 and held charge of five ministries.

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. Currently, he is serving as the CEO of Tiger Tours Limited. He is also serving as Independent Director of ACI Formulations Ltd.; Grameen Phone (GP) Ltd.; Desh Garments Ltd, Nominated Director of MJLB Ltd and its subsidiary companies (Omera Petroleum Ltd, Omera Fuels Ltd and Omera Cylinders Ltd); Summit Alliance Port Ltd.; 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. Besides He served as the Chairman of NBR; SME Foundation; BRACNet Limited and Sajida Foundation, Managing Director of Biman Bangladesh Airlines and Executive Director of Jamuna Multipurpose Bridge Authority, President of National Shooting Federation of Bangladesh, and Vice President of Bangladesh Olympic Association. He is also Former Independent Director of Pioneer Insurance Company Ltd.; Summit Alliance Port Ltd.; ACI Ltd, Former Director of the Rajshahi Krishi Unnayan Bank at inception (Govt. Nominee); the then Shilpa Bank (Govt. Nominee). He was also Syndicate Member of the Chittagong University (Govt. Nominee); the Shahjalal University of Science and Technology (Govt. Nominee).

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.



Dr. Khondaker Showkat Hossain
[Representing Borak Travels (Pvt.) Limited]

- Director
- Member, Audit Committee

DR. KHONDAKER SHOWKAT HOSSAIN a Non-Executive Nominee Director is a former civil servant, Government of Bangladesh having more than 30 years of working experience in administrative, management, policy level posts in different tiers of the government as a career civil servant. His last position as civil servant was the Secretary, Ministry of Expatriates Welfare and Overseas Employment, GoB. He is also former Secretary, Ministry of Housing and Public Works and former Divisional Commissioner, Dhaka. At present, he is the Chief Advisor of Unique Group (mother group of Borak Travels (Pvt.) Limited).

He also served as Additional Secretary, Ministry of Establishment (Present-Public Administration), Joint Secretary, Ministry of Social Welfare and Adviser (Admin & Dev), Bangladesh Association for Social Advancement (BASA), Dhaka. He was appointed by World Bank as Consultant (Senior Advisor) for pro-poor slum upgradation project under Ministry of Housing and Public Works; Asian Development Bank (ADB) as consultant for 'Good Governance Initiatives' Project for strengthening Anti Corruption Commission of Bangladesh. He also worked for various Socio-Economic NGO programs supported by European Union; UNICEF for project on "Protection of Children at Risk (PCAR)" to support Ministry of Social Welfare, GoB.

He has received Law Training at Civil Officers' Training Academy (COTA), Dhaka; Military Training at Bangladesh Military Academy (BMA), Chittagong; Managing at the Top-2 (MATT) courses and Advanced Course on Administration and Development (ACAD) at Bangladesh Public Administration Training Centre (BPATC), Savar, Dhaka. He has also received training On Organized Crime Suppression in United Nations Asia and Far-East Institute (UNAFEI), Tokyo, Japan; Management at the Top (Matt) in Singapore Civil service College.

Dr. Khondaker Showkat Hossain obtain his BA (Hons), MA, M. Phil and Ph-d. from Department of Bengali, University of Dhaka. He also studied in Bradford University, UK in the Department of Development Economics.



Mr. Md. Kazim Uddin
[Representing National Life Insurance Co. Ltd.]

- Director
- Member, Executive Committee

Mr. MD. KAZIM UDDIN a Non-Executive Nominee Director 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. Mohammad Khaled Mamun FCII (UK)
[Representing Reliance Insurance Ltd.]

- Director
- Member, Audit Committee

Mr. MOHAMMAD KHALED MAMUN a Non-Executive Nominee Director is a renowned professional in the insurance sector with more than 30 years of experience in multiple organizations, including Sadharan Bima Corporation (SBC). He is the Chief Executive Officer of Reliance Insurance Limited, Bangladesh since 2014. Prior to this, he has been discharging his dedicated service for more than a decade to the company in different management position such as Executive Director, Deputy Managing Director (DMD).

He is a member of 'Central Rating Committee' of Insurance Development and Regulatory Authority (IDRA) of Bangladesh, the insurance regulator. For the expansion of insurance education in the country, he has served as the member of 'National Syllabus Committee' under the directive of National Parliament of Bangladesh with a view to introducing professional BBA and MBA program in Insurance and Risk Management at Bangladeshi universities.

As an insurance professional, Mr. Mamun has 11 and half year-long proven track record of insurance/reinsurance services at SBC, a fully Govt. owned entity. During his career in SBC, he received Advanced Non-Life Insurance & Reinsurance Course from Swiss Insurance Training Centre (SITC) of Swiss Re, Zurich, Switzerland.

In addition to that Mr. Mamun has attended the Comprehensive Course on Reinsurance Management Training from Asian Reinsurance Corporation, Bangkok. He has also attended a number of international seminars/conferences on Insurance and Reinsurance.

Mr. Mamun has a high profile in teaching as well as insurance publications relating to Risk Management, Insurance and Reinsurance. He has visited many countries across the world.

Academically he has two Masters Degrees from the University of Dhaka, and also obtained Diploma in Development Planning from National Academy for Planning and Development, a body under Ministry of Planning, Government of Bangladesh.

By profession, Mr. Mamun is a 'Chartered Insurer' and Fellow Member both Bangladesh Insurance Academy, Dhaka and Chartered Insurance Institute, London.



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

- Director
- Member, Audit Committee

Mr. A.K.M. MOINUDDIN, FCA a Non-Executive Nominee Director 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. Mohammad Shamsul Islam

- Managing Director & CEO
- Chairman, Management Committee
- Chairman, Asset Liability Management Committee (ALCO)

Mr. MOHAMMAD SHAMSUL ISLAM is the Managing Director of National Housing Finance PLC, 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 35 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. Throughout his career at AB Bank Limited, he worked as Manager of various branches and functional Heads in Head Office of different Divisions. During his banking career, 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. He is a Fellow Member of the Institute of Chartered Accountants of Bangladesh.

SHARI'AH SUPERVISORY COMMITTEE MEMBERS' PROFILE



Janab Fariduddin Ahmed

• Chairman
Shari'ah Supervisory Committee

Janab FARIDUDDIN AHMED is an Islamic scholar and Shariah based Banking leader of the country. Janab Farid is the President of Shari'ah Supervisory Committee of Bank Asia. He is also the Chairman of Shari'ah Supervisory Committee of One Bank PLC, ICB Islami Bank PLC, and Hajj Finance Company Ltd; member of Shari'ah Supervisory Committee of Premier Bank, Mutual Trust Bank and Shahjalal Islami Bank; Independent Director, ICB Islamic Bank Ltd; Member, Board of the Central Shari'ah Board for Islamic Banks (CSBIB), Executive Committee of the CSBIB Member and Fiqh Committee of the CSBIB Member, Islamic Bank Consultative Forum.

Janab Ahmed has more than 45 years of experience in the area of Shariah Based Banking. He is former Managing Director and CEO of Islami Bank Bangladesh PLC and EXIM Bank PLC.

Besides he carried out the responsibility of designing, testing and implementing the Islamic banking system. Prepared the Accounting, Finance, Investment, Operations and other working Manuals for Islami Bank Bangladesh Limited. Constantly associated with the Shari'ah Council of Islami Bank Bangladesh Limited for development of Shari'ah rules, norms for Islamic Banking. He was associated with the establishment of an Islamic Bank named 'Jaiz Bank' in Nigeria as its sponsoring CEO duly nominated by the Islami Bank Bangladesh Limited. He held the position of the Secretary General of Bangladesh Islamic Bankers Association.

He awarded 'Nawab Sir Salimullah Gold Medal' for remarkable contribution towards establishment, growth and development of Islamic Banking and bestowed with the 'Central Shari'ah Board Islamic Banking Award' for outstanding contribution towards establishment, growth and development of Islamic Banking in the country.



Mufti Shahed Rahmani

• Member Secretary
Shari'ah Supervisory Committee

Janab MUFTI SHAHED RAHMANI is an Islamic Scholar, Faqih and Islamic banking shari'ah expert of the country. Janab Rahmani is the President of Shari'ah Supervisory Committee of Shah-Jalal Islami Bank and President of Shari'ah Supervisory Committee of Insaf Australia Ltd.

Janab Rahmani is a member of Shari'ah Supervisory Committee of Bangladesh Bank, Bank Asia, Eastern Bank, One Bank, Mutual Trust Bank, Al-Arafah Islami Bank, Agrani Bank and Global Islami Bank.

Janab Rahmani is the Chief Executive Officer of Center for Islamic Economics Bangladesh, Bashundhara, Dhaka. He is also Muhaddith of Jamiatul Abrar Bangladesh, Bashundhara Riverview, Dhaka.

Janab Rahmani holds Dawra-E-Hadith (Masters Equivalent) from Jamia Darul Uloom, Karachi. He also attend Professional Certification of Islamic Banking & Finance, Centre for Islamic Economics (CIE), AAOIFI Shariah Standards, Professional Certification of Islamic Banking & Takaful, Centre for Islamic Economics (CIE) and Takhassus Fil Fiqh (Islamic Jurisprudence) Jamia Al Uloom Al Islamia Banuri Town, Karachi.

SHARI'AH SUPERVISORY COMMITTEE MEMBERS' PROFILE



Shah Muhammad Wali Ullah

• Member
Shari'ah Supervisory Committee

Janab SHAH MUHAMMAD WALI ULLAH is an Islamic Scholar, TV speaker and Islami Banking Shari'ah Expert of the country. Janab Wali Ullah is the President of Shari'ah Supervisory Committee of NRB Commercial Bank, NRB Bank and National Life Insurance.

Janab Wali Ullah is the member secretary of Shari'ah Supervisory Committee of Bank Asia, Social Islami Bank Beximco Green Sukuk. He is also member of Shari'ah Supervisory Committee of Bangladesh Bank, Prime Bank, Zakat Management (CZM), Fareast Islami Life Insurance, Global Islami Bank, Central Shariah Board for Islamic Banks of Bangladesh (CSBIB), Mutual Trust Bank, Mercantile Bank, National Asset Management Ltd., Capitec Asset management Ltd., AAOIFI Working Group, Bangal Commercial Bank, Aviva Finance, City Bank, Eastern Bank, NCC Bank, Bengal Islami Life Insurance and Islami Insurance Bangladesh.

Janab Wali Ullah holds Kamil (Hadith), Kamil (Fiqh), Kamil (Tafseer) alongwith Fazil (B.A.) and B.A. Hon's. He also holds M. Ad. in Dawah & Fatwa and Islamic Economics & Banking from Al Azhar University Egypt. He obtained training on Arabic Language Course from Darul Ihsan University and Islamic Economics & Banking from Shariah Board for Islamic Banks of Bangladesh.

Janab Wali Ullah is Imam & Khatib of Subhanbagh Jame Masjid and Madrasah, Dhanmondi, Dhaka.



Barrister Md. Mahfuzur Rahman

• Member
Shari'ah Supervisory Committee

BARRISTER MD. MAHFUZUR RAHMAN is a renowned lawyer of Bangladesh and abroad. Janab Mahfuz is Barrister at Law, Lincoln's Inn, UK, advocate of Appellate Division, Supreme Court of Bangladesh, High Court Division of Bangladesh and District & Session Judge Court.

Janab Mahfuz is a member of Supreme Court Bar Association and Dhaka Bar Association of the country.

Janab Mahfuz is also legal advisor Bangladesh Bank, City Bank, Mutual Trust Bank, Social Islami Bank, Al-Arafah Islami Bank and Sonali Bank.

Janab Rahman is a Barrister at Law of Lincoln's UK. He holds LL.M (International Commercial Law) from Northumbria University, UK, Master of Criminology & Criminal Justice from Dhaka University and Master of Peace & Human Rights Studies. He got his LL.B from University of London (UK). He also got Post Graduate Diploma in International Relation, Post Graduate Diploma in Islamic Studies and Post Graduate Diploma in Law.



Mr. Shital Chandra Saha

- Executive Vice President (EVP) & Head of CRM
- Member, Management Committee

Mr. Shital Chandra Saha is serving as “Executive Vice President (EVP)” and Head of Credit Risk Management (CRM) in National Housing Finance PLC. He started his career as “Probationary Officer” in Arab Bangladesh Bank Ltd. in 1998 and served up to 2002 as “Officer”. Then he joined the Trust Bank Limited as “Principal Officer” and served from 2002 to 2004; Bangladesh Finance and Investment Co. Ltd. (BFIC) as “Senior Executive Officer” from 2004 to 2005 and Union Capital Limited as “Manager”. Later on he joined National Housing Finance PLC as “Senior Manager” in 2005.

He obtained his MBA from University of Dhaka after completing his MSS in Public Administration from the same university. During his professional career, he participated in various trainings from BIBM and different banks.



Mr. Sayed Ahmed, FCMA

- Senior Vice President & Chief Financial Officer (CFO)
- CAMLCO
- Member, Management Committee

Mr. SAYED AHMED FCMA is serving as Senior Vice President (SVP) & Chief Financial Officer (CFO) of the company. 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; GSP Finance Company (Bangladesh) Limited as “Manager (Accounts)” in 2007; as “Manager (Finance & Accounts)” in Bengal Group of Industries in 2009. He joined National Housing Finance PLC as “First Assistant Vice President (FAVP)” in 2010.

He is a Fellow Member of The Institute of Cost and Management Accountants of Bangladesh (ICMAB). He completed his M.Com in Accounting. He took part in various training programs in his career arranged by Bangladesh Bank and ICMAB.



Mr. Md. Sarwar Kamal FCS

- Senior Vice President (SVP) & Company Secretary
- Head of General Service Department
- Member Secretary, Management Committee

Mr. MD. SARWAR KAMAL FCS is serving as a “Senior Vice President and Company Secretary 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 “Assistant Company Secretary” in 2007 and served up to 2010 as “Deputy Company Secretary”. After that he joined National Housing Finance PLC as “First Assistant Vice President (FAVP)” in 2010.

He is a Fellow member of The Institute of Chartered Secretaries of Bangladesh (ICSB). He also completed his Master’s in Accounting. He participated in various training and workshop organized by Bangladesh Bank; BIBM; ICSB; IFC and Ministry of Foreign Affairs of the Netherlands. He also participated International Convention of Company Secretaries of India various times as a delegate from ICSB. Besides he visited various countries such as Malaysia, Thailand, India, KSA etc.



Mr. Mahbubur Rashid Al-Amin

- Vice President (VP) & Head of Business
- Member, Management Committee

Mr. MAHBUBUR RASHID AL-AMIN is working as “Vice President (VP)” in National Housing Finance PLC and also holding the position of Head of Business. He 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 PLC as “Senior Counselor” in 2006. He took part in various training sessions arranged by Bangladesh Bank and South Asia Enterprise Development Facility (SEDF).

He is an MBA (Finance) & M.Com (Management). 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.

AWARD AND ACHIVEMENT



MANAGEMENT COMMITTEE



MANAGEMENT TEAM

Managing Director

Mohammad Shamsul Islam

Executive Vice President

Shital Chandra Saha

SVP & Chief Financial Officer

Sayed Ahmed, FCMA

SVP & Company Secretary

Md. Sarwar Kamal FCS

Senior Vice President

Md. Nazrul Islam

Vice Presidents

Md. Abdul Baten
Mahbubur Rashid Al-Amin
Md. Mahbubur Rahman (Head of Gulshan 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)
Md. Abdur Rahim (Head of Shari'ah Business Division)

Assistant Vice Presidents

Md. Ismail Hossain Mazumder
Israt Jahan
Sharmin Zahan
A. M. Enayet Karim (Head of Gazipur Branch)
Nayan Malakar
Dilip Chandra Roy
Md. Anower Hossain (Head of Principal Branch)
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 (Head of Khulna Branch)
Iffat Ruhan
Md. Mustafizur Rahaman
Mohammad Saiful Islam (Head of Feni Branch)

Senior Executive Officers

Robiul Hoque
Tania Afrose
Abu Jafar Md. Abdullah
K. M. Iftekhar Hossain
A. Q. M. AmbiaTouhid
Md. Al-Amin
Al Mamun Shiblu
Noor-ul-Muhaimen Talukder
Sharmin Jahan Shawn
Awlia Akter
Brinta Ghosh
Md. Badiuzzaman Sarker Masum
Walid Hassan
Suvra Saha
Rajesh Saha
Sharmistha Datta

Executive Officers

Jinat Ara Jesmin
Sarfaraj Ahmed
Mohammad Shoaib

DIFFERENT COMMITTEES

Shari'ah Supervisory Committee:

SL	Name	Status in Committee
1	Janab Md. Fariduddin Ahmed	Chairman
2	Janab Mufti Shahed Rahmani	Member Secretary
3	Janab Shah Muhammad Wali Ullah	Member
4	Janab Barrister Md. Mahfuzur Rahman	Member

Board Committees

Executive Committee (w.e.f. 31.07.2024):

SL	Name	Designation	Status in Committee
1	Mr. Md. Kabir Reza FCMA (representing Square Pharmaceuticals PLC)	Director	Chairman
2	Mr. Mahbubur Rahman (representing Eastland Insurance Co. Ltd.)	Chairman	Member
3	Syed M. Altaf Hussain (representing Pragati Insurance Ltd.)	Vice Chairman	Member
4	Mr. Kazim Uddin (representing National Life Insurance Co. Ltd.)	Director	Member

Audit Committee (w.e.f. 31.07.2024):

SL	Name	Designation	Status in Committee
1	Mr. Abdul-Muyeed Chowdhury	Independent Director	Chairman
2	Dr. Khondaker Showkat Hossain (representing Borak Travels (Pvt.) Ltd.)	Director	Member
3	Mr. A.K.M. Mainuddin FCA (representing Bangladesh Lamps Ltd.)	Director	Member
4	Mr. Md. Khaled Mamun (representing Reliance Insurance Ltd.)	Director	Member

Risk Management Committee (w.e.f. 30.05.2024):

SL	Name	Designation	Status in Committee
1	Mr. Mahbubur Rahman (representing Eastland Insurance Co. Ltd.)	Chairman	Chairman
2	Syed M. Altaf Hussain (representing Pragati Insurance Ltd.)	Vice Chairman	Member
3	Mr. Md. Kabir Reza FCMA (representing Square Pharmaceuticals PLC)	Director	Member
4	Mr. Abdul-Muyeed Chowdhury	Independent Director	Member

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. Rumana Amin	FAVP	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	Head of RAU
2	Mr. Md. Abdul Baten	Head of SAM	Member
3	Mr. Mezanur Rahman	Sr. AVP	Member
4	Mr. Ibrahim Khalil	FAVP	Member

Customer Service and Compliance Management Cell

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



REPORTS & ANALYSIS



CHAIRMAN'S ADDRESS TO SHAREHOLDERS

Dear Valued Shareholders,

Assalamu Alaikum Wa Rahmatullahi wa Barakatuhu

I am delighted to welcome you all to the 25th Annual General Meeting of National Housing Finance PLC (NHF). It is a great pleasure for me to present before you the Annual Report of the Company for the year ended 31 December 2023 on behalf of the Board of Directors.

The year 2023 ended in the backdrop of unprecedented devastation due to impact of post pandemic economic condition along with persistent domestic issues such as policy weaknesses, poor governance and failure to implement necessary reforms, increased exchange rate, inflation, price hike of essential commodities impacted largely to micro and macro economic conditions have also contributed to the difficulties. These ingrained structural weaknesses have exacerbated the pressures on Bangladesh's economy. Despite the difficulties and challenges, your company maintained a stable position in line with our pre-set strategy during the year 2023. We extend our heartfelt appreciation to our valued customers, shareholders and other stakeholders for their continuous support and trust in NHF.

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 NHF maintained a stable position in the year 2023. Despite so many challenges in the economic sector at home and abroad our total portfolio stood at Tk. 1432.88 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 10% cash dividend for the year 2023, which is expected to be approved by you. As one of the largest financial institutions of the country, NHF 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. Moreover, considering the growing demand for Shariah-compliant financing products we have opened our Islamic Finance window on 8 April 2024.

As the Chairman of NHF, 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 NHF's success and recognition as a trusted and reliable organization.

Once again, I would like to express my profound appreciation to our shareholders and all other stakeholders for their continued support and faith in NHF. We look forward to working with you in the days & years to come.



(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 25th Annual General Meeting (AGM) of National Housing Finance. The Annual Report for the financial year ended on 31 December 2023, along with the Director' Report, Audited Financial Statements, and Auditors' Report, have already been shared with you and perhaps you have received the same.

The housing sector of Bangladesh has tremendous potential for growth, but it has been suffered setbacks due to post pandemic economic condition of our domestic issues—such as policy weaknesses and failure to implement necessary reforms 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, NHF, 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 NHF legacy going during the year 2023.

It gives me great pleasure to announce the successful completion of NHF's 25 years of operations, having demonstrated satisfactory performance despite the unprecedented challenges posed by Global and local economic slowdown. As we all are aware of present economic activities- Like trading and trade operations, huge increase of rate of exchange, scarcity of foreign currency, inflation and price hike of commodities, enhanced cost of living all are impacted negatively to our personal lives. We are operating with a single retail products- Home Loan and aforesaid slowdown personal financial activities reduce personal savings as refrain the potential customers in long term investment in our home loan sector. Despite this, the NHF team remained steadfast and achieved a disbursement of Tk. 207.26 crore, while earning a profit after tax of Tk. 12.06 crore. Consequently, the Earnings per Share (EPS) stood at 1.03 in 2023.

Our focus remained on the survival of our core business, which helped us to avoid the financial troubles that hit many institutions during the present economic condition of the country. Under the guidance of our experienced board members, we have been following the strategy of taking advantages of every buoyant opportunity in the home loan market as our main agenda in NHF's operations. We recently commence Shariah-compliant business operations under the Islamic Finance window in all Branch of Bangladesh. We have relocate one of our Sales center at Aftab Nagar where a huge home loan business opportunity exist. These new business wings and new location will allow NHF 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. To meet the long time liquidity mismatch as approved by the Board of Director we have issued a Non-convertible, Fully Redeemable and unsecured Zero-Coupon Bond for BDT 3,744 million. Furthermore, the company invested in a Subordinated Bond of a recognized Bank, demonstrating our commitment to expanding our investment portfolio. 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 NHF'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 NHF 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 Shareholders,

We, the Directors of National Housing Finance PLC ["NHF"], have the pleasure to present before you this Report along with the Audited Financial Statements of Your Company for the year ended 31 December 2023 alongwith the Auditors' Report thereon.

The Directors' Report has been prepared in compliance with the provisions of Section 184 of the Companies Act 1994, The Finance Company Act-2023, 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.

The Bangladesh economy is currently under significant strain due to several ongoing challenges. While external factors such as the post COVID-19 pandemic and the Ukraine war have left their mark, persistent domestic issues—such as policy weaknesses, poor governance and failure to implement necessary reforms—have also contributed to the difficulties. These ingrained structural weaknesses have exacerbated the pressures on Bangladesh's economy. During the first three quarters of FY24 the Bangladesh economy has faced significant pressure. This was evidenced by subdued revenue mobilisation, resulting in a shrinking fiscal space, a high reliance on government borrowing from commercial banks to finance the budget deficit, tightened liquidity in scheduled banks, elevated prices of essential goods, and a deteriorating external sector balance and foreign exchange reserves. Indeed, these challenges were also evident in FY23 which led the government of Bangladesh (GoB)

to initiate a 42-month programme supported by the International Monetary Fund (IMF) in February 2023 to improve balance of payment and restore macroeconomic stability. After more than a year of the IMF programme, the economy is yet to show any improvement on the attendant concerns. Recently, the central bank has adopted policy measures such as market-based interest rates and exchange rates in an attempt to control inflation and improve forex reserves. Despite the difficulties and challenges, your company maintained a stable position during the year 2023.

ECONOMIC REVIEW OF THE FINANCIAL YEAR

• REVIEW OF WORLD ECONOMY

Global growth is set to slow further this year amid tight monetary policy, restrictive financial conditions, and feeble global trade and investment. Downside risks include an escalation of the recent conflict in the Middle East, financial stress, persistent inflation, trade fragmentation, and climate-related disasters. Global cooperation is needed to provide debt relief, facilitate trade integration, tackle climate change, and alleviate food insecurity. The global output growth is projected to slow down to 3.0 percent in 2023 and further to 2.9 percent in 2024 from 3.5 percent in 2022 due mainly to effects of monetary policy tightening to reduce inflation with the exception of the global financial crisis and the acute phase of the COVID-19 pandemic.

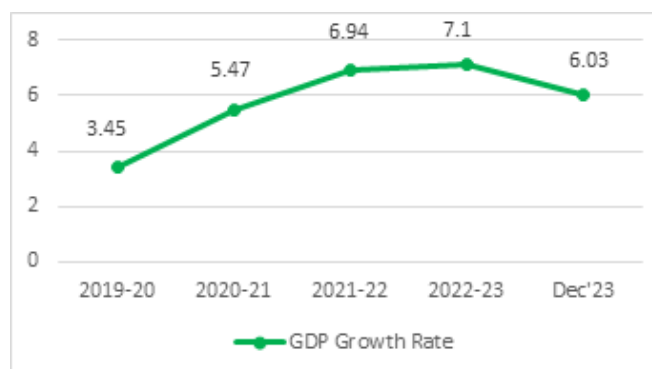
Furthermore, in the wake of the shocks from the COVID-19 pandemic and continued Russia-Ukraine war, inflation around the world reached multi-decade high in 2022, well above central bank targets, particularly in advanced economies. Global inflation is forecasted to decline steadily, to 6.9 percent in 2023 and 5.8 percent in 2024 from 8.7 percent in 2022. But the forecasts for 2023 and 2024 are revised up by 0.1 percentage point and 0.6 percentage point, respectively, and inflation is not anticipated to return to its target path until 2025 in most cases mentioned in the World Economic Outlook, October 2023. 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

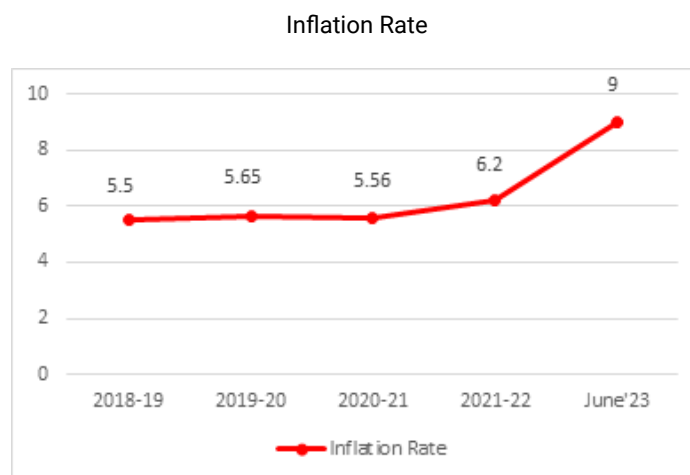
Bangladesh has a strong track record of growth and development, even in times of elevated global uncertainty. A robust demographic dividend, strong ready-made garment (RMG) exports, resilient remittance inflows, and stable macroeconomic conditions have supported rapid economic growth over the past two decades.

Bangladesh tells a remarkable story of poverty reduction and development. From being one of the poorest nations at birth in 1971, Bangladesh reached lower-middle income status in 2015. It is on track to graduate from the UN's Least Developed Countries (LDC) list in 2026. 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 and commodity prices made the import cost higher which ultimately provoked inflation and exchange rate to rise. Despite a number of external sector related difficulties, Bangladesh's economy exhibited a reasonably strong real GDP growth in FY23. This growth was achieved with a number of fiscal and monetary policy measures aimed at increasing investment and generating employment opportunities. The estimate of the BBS indicates that real GDP recorded a 6.03 percent for FY23, which was 7.10 percent in FY22.

GDP Growth



Global inflation is facing somewhat a turbulent trend in 2023. The global inflation has been revised up by the IMF due to the rise in food prices as well as lingering supply- demand imbalances, and it is anticipated to reach 3.2 percent in advanced economies and 3.3 percent in emerging market and developing economies in this year. The point-to-point inflation rate of Bangladesh reached to 9.00 percent in June 2023 which was 6.20 percent in June 2022.



The import payments witnessed slightly decrease due to import-limiting measures, the trade deficit narrowed in the last fiscal year, but the deficit in the financial account became larger. The continued import-limiting measures would further improve trade balance, but the reduction of imports may affect overall economic activities in the economy negatively.

The movement of domestic credit, however, decreased slightly in FY23. Private sector credit grew by 10.57 percent in FY23, lower than the targeted growth of 14.1 percent for FY23 and the actual growth of 13.66 percent in FY22. However, the lower growth in credit to the private sector might be caused by the decrease of import payments along with substantial depreciation of the Bangladeshi Taka (BDT) against the US dollar (USD). However, the ratio of public investment to GDP increased to 7.61 percent from 7.53 percent while private investment to GDP decreased to 23.64 percent from 24.52 percent over the same period. 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 withdraw the classification freeze and soft repayment facilities in response to COVID-19 pandemic. At the end of June 2023, NPL ratio of the overall banking sector stood at 10.11 percent.

MONEY MARKET SCENARIO

Money market experienced less volatility in FY23 compared to FY22. Addressing banks' frequent liquidity demand, BB precisely applied open market operations (OMOs) and debt management tools to balance call money market. BB applies various types of repo (overnight repo, term repo, liquidity support facility (LSF) and special repo facility auctions to inject liquidity to market at pre-determined and auction based rates against collaterals- market and face value of government treasury bills, bonds and BB bills. At starting of FY22, interest rate of overnight repo was 5.50 percent, and then it was raised twice to 5.75 percent in October 2022 and to 6.00 percent in January FY23. The interest rate of reverse repo was 4.00 percent at starting of FY23, and then it was raised to 4.25 percent in January FY23. However, no reverse repo auction was held during FY23.

CAPITAL MARKET ACTIVITIES

Capital market is considered the second largest segment of financial market contributing effectively in enhancing economic growth through long-term investment. Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE), and its affiliates make up the market. Both exchanges use corporate bonds, debentures, and equity securities (shares) as market instruments. BSEC acts as regulatory authority for stock market, and BB also contributes notably as banking sector regulator.

During first quarter of FY23, market capitalisation experienced slow growth, while DSE broad index (DSEX) slightly increased. During October-June of FY23, both market capitalisation and DSEX experienced a stable trend. Accordingly, after first half of FY23, DSEX and market capitalisation stood at 6206.8 and BDT 7609.4 billion. Moving upward, DSEX and market capitalisation reached to 6344.1 and BDT 7702.3 billion at end of FY23.

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 and 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 Modeling (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 and turmoil in macro economy operation of the country resulting in a surge in dollar prices and costs of living. 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 PLC (NHF), DBH Finance PLC (DBH), and House Building Finance Corporation (HBFC), are contributing significantly to fulfilling the financial requirements of individual and corporate clients for their home and commercial installation plans.

As of June 2023, the total outstanding housing loans from banks and financial institutions amounted to BDT 1191.00 billion, which represented 8.0 percent of total credit to the private sector. Private Banks had the dominant position with BDT 674.1 billion in outstanding housing loans as of FY23, followed by SCBs with BDT 293.8 billion and other banks with BDT 49.0 billion in total outstanding of housing loans as of FY23. Specialized housing finance companies with long-term deposits collection held a significant position of BDT 101.9 billion in loans as of FY23.

KEY STRENGTHS OF NHF

NHF 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, NHF has built strong and lasting relationships with its clients, making it an expert in the industry. Apart from its customer-focused approach, NHF'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. NHF'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 NHF'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, NHF 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, NHF is poised to continue offering high-quality home loan products to customers in Bangladesh.

Throughout its operating history, NHF 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 NHF 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.

This year, we have changed the name of your Company from 'National Housing Finance and Investments Limited (NHFIL)' to National Housing Finance PLC (NHF PLC)' to comply the regulation as stipulated in the Acts. During the changes, we have to change some clauses of our Articles and Memorandum to enable catering the Islamic business, digital operational activities etc.

Additionally, NHF 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 and relocation of its another office at Aftab Nagar. These new locations allow NHF to cater to a broader range of customers while also providing increased accessibility and convenience to its services. NHF's strategic expansion plan aims to capitalize on untapped markets, thereby increasing its market share and fortifying its position as an industry leader.

NHF 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. Respectively NHF got approval from Bangladesh Bank on 24 March 2024. Accordingly, NHF has opened its Islamic Finance window on 8 April 2024. This highlights NHF's unwavering commitment for 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, NHF'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 NHF's services meet the highest industry standards. These practices, together with the expansion plan and innovative financial products, demonstrate NHF's dedication to becoming a leading housing finance company nationally and regionally.

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

This year we have crossed 25th (twenty fifth) years of our operation with reputation and positive movement. We have celebrated the Silver Jubilee with proper notification and sharing the joys with the stakeholders.

HUMAN RESOURCES- A VITAL ELEMENT TO NHF'S SUCCESS

At NHF, 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 NHF

- 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

NHF 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

NHF 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 NHF

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 2023 and the year in compare to the yearly performances of 2022 are given below in the context of its fair disclosure policy.

(Amount in BDT Million)

Particulars	2023					2022
	Q1	Q2	Q3	Q4	Yearly	
Net interest income	132.33	162.32	77.66	24.87	397.18	538.31
Total operating income	152.68	184.14	97.80	49.94	484.56	620.47
Total operating expenses	46.99	63.09	49.45	70.39	229.91	215.36
Profit before provisions	105.69	121.06	48.35	(20.45)	254.65	405.11
Provision for loans/ Investments	18.68	22.65	(20.09)	97.98	119.22	(3.19)
Profit before taxes	87.01	98.41	68.43	(118.43)	135.42	408.30
Provision for taxes	26.40	36.71	20.26	(68.59)	14.79	145.16
Net profit after taxation	60.61	61.70	48.17	(49.85)	120.63	263.14

The quarterly performance above clearly depicts the changing operating environment. Net interest income decrease in Q3 & Q4 2023, due to immediately after the removal of lending rate cap. In the first half year of 2023, business operated under the 7% deposit rate and 11% lending rate cap, effective since July 2022. However, it took a dip due to increased borrowing cost in Q3 & Q4 2023, owing to increased government security rates that also adversely affected short term borrowing and deposit rates; effect of increase in cost of borrowing on Net Interest Margin is immediate while the re-pricing has a six month lag period. Simultaneously, increasing of inflation naturally affected our operating expenses over the year, although our efficiency measures helped to restrain it to a minimum. Despite of falling total operating income by 21.90% in 2023. Our total net profit after tax decreased by 54.16% in 2023 due to significant changes of provision in 2023 as the Bangladesh Bank circular that restrained downgrading of classification was lifted that quickly led to classification of portfolio accounts. With the start of 2024, we remain focused on balanced balance sheet management to create a platform for sustainable growth. 2024 is expected to face the lingering repercussions of the prevailing liquidity crisis in the market, and, as such, our efforts will be to optimize our funding model will continue alongside careful liquidity planning. We believe these efforts will help us attain a sustainable capital base.

DEVELOPMENT ACTIVITIES

To enhance our business activities in 2023, several measures were taken. In line with our goal to diversify our business portfolio, the company completed its legal requirement to establish a separate business wing to operate Shariah-based Business under Islamic Banking Principles, and got License from the Bangladesh Bank and completed all operational formalities. To meet the longtime liquidity mismatch the Board of Director has decided to issue a Non-convertible, Fully Redeemable and unsecured Zero-Coupon Bond for BDT 3,744 million.

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.

Though we have passed another year of operation with stable and steady mobility but we had to face lot of domestic challenges to keep the movement forward. These are mostly struggling macro economic conditions, non-supportive policy adoption as well as frequent changes in interest rates, huge commodity price hike and inflation, disruption in normal operation of international trade due to scarcity of foreign currency as well as unilateral adoption and application of new act – related to industry. All such challenges had created huge obstacles in smooth operation of our retail products, its expansion and also in recovery from the retail customers. All such situations restrict us to take a note in movement retain, hold and steady move.

FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted in Bangladesh by the Institute of Chartered Accountants of Bangladesh, except the circumstances where local regulations differ and the Financial Reporting Act 2015, the Companies Act, 1994, the Finance Company Act, 2023, Securities and Exchange Rules, 2020 & the (Listing) Regulations, 2015 of Dhaka & Chittagong Stock Exchanges and other applicable laws and regulations. The presentation of the financial statements of the Company has been made as instructed by Bangladesh Bank vide their DFIM Circular no-11 dated 23 December 2009. As per section 33(4) of the Finance Company Act 2023, the Financial Statements for the year ended 31 December 2023 signed by the Chairman (Director) with two (2) other Directors and the Managing Director 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 NHF 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;
 - significant variance have been occurred between quarterly financial performance and annual financial statements of the Company and reason thereof has been clearly described;
 - significant variance have been occurred between the last year's operating results of the Company and reason thereof has been clearly described;
- 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 as Annexure-IV.

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. Mahfel Huq & Co. Chartered Accountants carried out the audit on the Financial Statements (FSs) of the Company for the year ended 31 December 2023 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 NHF are presented in Statement of Going Concern.

CAPITAL EXPENDITURE

Total capital expenditure on acquisition of property, plant and equipment and intangible assets of NHF as at 31 December 2023 amounted to BDT 285.37 million which were BDT 298.11 million as at 31 December 2022. Details are given in Annexure-A of the Financial Statements.

INTEREST IN OTHER ENTITIES

According to IFRS 12, NHF 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 2023, Credit Rating Information and Services Ltd. (CRISL) assigned 'AA-' 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 2022. 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

NHF's Shareholding Pattern as on 31 December 2023 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 2023, 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, the Board hereby confirms that the interests of the minority shareholders have been duly protected in the Company.

PROPOSED DIVIDEND

NHF has earned a net profit after tax of BDT 120.63 million as against BDT 263.14 million in the previous year. The Board of Directors recommended 10% Cash Dividend i.e. BDT 1.00 for each share for the year ended 31 December 2023, subject to approval at the 25th 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 NHF is as follow:

(Amount in BDT)

Particulars	2023	2022
Statutory Reserve	707,191,873	683,065,157
Retained Earnings	337,410,001	416,449,939
Total Reserves	1,044,601,874	1,099,515,097

ELECTION/RE-ELECTION OF DIRECTORS

In terms of the Companies Act 1994, the following Directors shall retire at the 25th AGM:

Directors to Retire	Organization Represented
Syed M. Altaf Hussain	Pragati Insurance Limited
Mr. Md. Kazim Uddin	National Life Insurance Co. Ltd.

Each of the retiring Directors shall be-eligible for re-election as Director at the 25th AGM subject to Bangladesh Bank clearance. 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. Mahfel Huq & Co., Chartered Accountants shall retire at the 25th AGM. As per Bangladesh Bank and Bangladesh Securities and Exchange Commission's guideline they are eligible for re-appointment for next year (i.e. for the year 2024). But M/s. Mahfel Huq & Co. have expressed their unwillingness to work as External Auditor of the company. Therefore, 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. Zoha Zaman Kabir Rashid & Co. (Member of msi Global Alliance), Chartered Accountants as the Auditors of the Company for the next Term i.e. for the year 2024 and to continue until conclusion of the 26th 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 2024 and to continue until conclusion of the 26th AGM at a remuneration of Tk. 30,000.00 excluding VAT.

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, 2023
- 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

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 NHF. 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 THE 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 31 July 2024. This re-constitutions was made as per Bangladesh Bank DFIM Circular No. 01 dated 29 February 2024.
- 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.	Dr. Khondaker Showkat Hossain	Director	Member
03.	Mr. Md. Khaled Mamun	Director	Member
04.	Mr. A.K.M. Moinuddin FCA	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 2023, the Audit Committee

- met 04 (four) times in the year 2023 on 13.04.2023, 11.05.2023, 25.07.2023 & 19.10.2023; 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. Zoha Zaman Kabir Rashid & Co. (Member of msi Global Alliance), Chartered Accountant;
- considered the tenure, quality and fees of the Corporate Governance Auditors and recommended to the Board for re-appointment of M/s. Jasmin & Associates, Chartered Secretaries;

- 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 2023, 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	09
Mr. Md. Kazim Uddin	National Life Insurance Co. Ltd.	Director	10	07
Mr. Akhtar Ahmed	Reliance Insurance Co. Ltd.	Director	10	09
Mr. Muminul Haque Chowdhury	Borak Travels (Pvt.) Ltd.	Director	10	06
Mr. Azmal Hossain	Eastern Insurance Co. Ltd.	Director	10	09
Mr. Md. Kabir Reza, FCMA	Square Pharmaceuticals Ltd.	Director	10	08
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 2023, 10 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	
			Held	Attended
Mr. Md. Kabir Reza, FCMA	Director	Chairman	10	10
Syed M. Altaf Hussain	Vice Chairman	Member	10	09
Mr. Muminul Haque Chowdhury	Director	Member	04	04
Mr. A.K.M. Moinuddin, FCA	Director	Member	10	10
Mr. Abdul-Muyeed Chowdhury	Independent Director	Member	10	09
Mr. Siddiqur Rahman Choudhury	Independent Director	Member	10	10
Mr. Mohammad Shamsul Islam	Managing Director	Ex-Officio	10	10

AUDIT COMMITTEE MEETING AND ATTENDANCE OF AUDIT COMMITTEE MEMBERS

During the year 2023, 04 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	04	04
Mr. Md. Kabir Reza, FCMA	Director	Member	04	04
Mr. Akhtar Ahmed	Director	Member	04	04
Mr. Azmal Hossain	Director	Member	04	04
Mr. Siddiqur Rahman Choudhury	Independent Director	Member	04	04
Mr. Mohammad Shamsul Islam	Managing Director	Ex-Officio	04	04

STATEMENT ON REMUNERATION TO DIRECTORS'

During the Year 2023

(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	72,000	72,000	-	144,000
Mr. Md. Kazim Uddin	National Life Insurance Co. Ltd.	Director	56,000	-	-	56,000
Mr. Akhtar Ahmed	Reliance Insurance Co. Ltd.	Director	72,000	-	32,000	104,000
Mr. Muminul Haque Chowdhury	Borak Travels (Pvt.) Ltd.	Director	48,000	32,000	-	80,000
Mr. Azmal Hossain	Eastern Insurance Co. Ltd.	Director	72,000	-	32,000	104,000
Mr. Md. Kabir Reza, FCMA	Square Pharmaceuticals Ltd.	Director	64,000	80,000	32,000	176,000
Mr. A.K.M. Moinuddin	Bangladesh Lamps Ltd.	Director	80,000	80,000	-	160,000
Mr. Abdul-Muyeed Chowdhury		Independent Director	80,000	72,000	32,000	184,000
Mr. Siddiqur Rahman Choudhury		Independent Director	80,000	80,000	32,000	192,000
Mr. Mohammad Shamsul Islam		Managing Director (Ex-Officio member)	-	-	-	-
Total			704,000	416,000	160,000	1,280,000

(INCLUDING AIT EXCLUDING VAT)

PATTERN OF SHAREHOLDING AS ON 31ST DECEMBER 2023

On the basis of shareholders types:

Group Name	No. of Shareholder (s)	No. of Shares	Percentage
Company	121	12,263,067	10.48%
General Public	8,421	33,299,265	28.46%
Investor Account	85	1,011,771	0.86%
Mutual Fund	1	141,070	0.12%
Unit Fund	1	200,000	0.17%
NRB	25	8,666	0.01%
Sponsor Share	15	70,107,361	59.90%
Total	8,669	117,031,200	100.00%

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	3,448	630,538	0.53%
501-5000	3,878	7,287,487	6.23%
5001-10000	629	4,876,187	4.17%
10001-20000	382	5,729,412	4.90%
20001-30000	128	3,188,945	2.72%
30001-40000	48	1,703,001	1.46%
40001-50000	32	1,472,004	1.26%
50001-100000	50	3,689,362	3.15%
100001-1000000	57	13,477,863	11.52%
1000001-above	17	74,976,401	64.06%
Total	8,669	117,031,200	100.00%

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	2.24

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. Siddiquir 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 Recovery	Nil	Nil
Mr. Md. Abdul Baten	VP & Head of SAM	Nil	Nil
Mr. Mahbubur Rashid Al-Amin	VP & Head of Business	Nil	Nil
Mr. Mahbubur Rahman	VP & Head of Gulshan Branch	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 National Housing Finance PLC 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. Overview of the Financial Services Industry:

Over the years, the Government of Bangladesh has initiated several reforms to liberalize financial services industry and expand its reach to the un-Banked people in the rural and remote areas. Adding a further dimension, the Government and Bangladesh Bank have also allowed new entities such as Mobile Financial Services Provider to enter the financial sector. Banks are also allowed to move to the unbanked population segment through "Agent Banking", which is now become popular and more & more banks have started their Agent Banking wing to collect the deposit as well as to provide the lending services.

The financial sector comprised of 61 banks and 34 NBFIs and out of which some of the NBFIs are struggling since last couple of years to survive rising default loans and inability to repay depositors money. As per BB data, the amount of defaulted loans in the non-bank financial institutions (NBFIs) reached to Tk 19,951 crore or 27.65% of the total loans at the end of September 2023.

2. 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 Finance Company Act, 2023, 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.

3. 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 2023 the company has not adopted any change in accounting policies and estimates.

4. 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, NHF, IDLC and other few NBFIs. But NHF is doing much better and also disburse a huge amount of money in real estate sector.

NHF continued keeping pace outperforming the industry in 2023 in terms of growth of different performance and financial position measures. The movement of growth can be seen by comparing financial data of NHF with industry's financial information.

Particulars	NHF	Average of Top Four NBFIs (In terms of Asset Size)
Total Asset (MN Taka)	20,545.83	96,854.93
Total Equity	2,214.91	10,921.69
HML Loan Portfolio (MN Taka)	13,564.44	23,252.33
Growth	-0.39%	2.67%
Deposit	15,098.89	55,588.38
Growth	21.06%	-3.94%
Operating Income	484.56	4,070.11
Profit/ (Loss) before provisions	254.65	2,157.96
Net Profit	120.63	1,123.41
Growth	-54.16%	0.31%
NPL Ratio	8.96%	3.89%
Cumulative Written off loan amount (MN Taka)	413.54	1,218.71
ROA (Annualized)	1.40%	1.31%
ROE (Annualized)	11.82%	11.84%

Source: Financial Statements as on 31 Dec, 2023

The industry is still burdened with an alarming rate of non-performing loans (NPLs) that make funds costlier and operations riskier. NHF has achieved moderate level of NPL. Most significantly, NHF 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 NHF 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.

5. 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 2023 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

In mn Taka

Particulars	2023	2022	2021	2020	2019	2018
A. Interest Income	1,454.17	1,456.29	1,620.02	1,910.03	2,051.84	1,995.67
B. Profit After Tax	120.63	263.14	261.29	321.39	236.81	275.77
C. Total Asset	20,545.83	18,401.74	19,059.22	17,782.57	18,239.70	20,978.67
D. Shareholders' Equity	2,214.91	2,269.83	2,182.23	2,096.49	1,892.13	1,774.23
E. Profit Margin (B/A)	8.30%	18.07%	16.13%	16.83%	11.54%	13.82%
F. Asset Turnover (A/C)	7.47%	7.77%	8.79%	10.60%	10.46%	10.75%
G. Financial Leverage (C/D)	8.68	8.41	8.61	9.03	10.70	10.69
H. Return on Equity (E*F*G)	5.38%	11.82%	12.21%	16.12%	12.92%	15.87%

Highlights of Key Strengths (DuPont Analysis)

Despite facing numerous external challenges, NHF managed well in 2023 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 0.15% (BDT 2.12 mn). Total interest income decreased mainly for following reason:

Due to Interest income transfer to interest suspense account, interest income decreased by 0.15% (BDT 2.12 mn) in 2023 compare to the previous year. Besides, Loans and advances decreased only by 0.44% to BDT 64.61 mn at year-end 2023 which was affected the average loan balances and interest income.

Interest Expense

Company's interest expense on deposit and borrowing increased by 15.14% (BDT 139.01 mn) primarily due to following reason:

Cost of fund Increased as well as increased of interest expense by 15.14 % (BDT 139.01 mn) in 2023 compared to previous year. Bangladesh Bank withdrawal the cap for lending and deposit collection. As a result, the average cost of deposit increased compared to the previous year.

Net Operating Profit

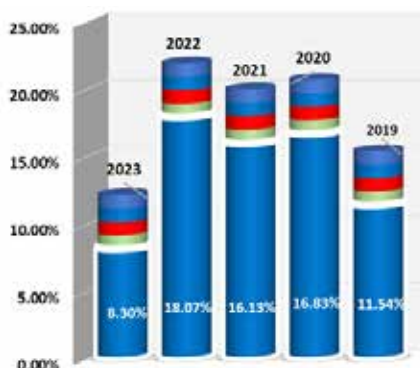
Due to the increased of interest expenses of 15.14% in 2023 Net operating profit of the company decreased by 37.14% (BDT 150.46 mn).

Profit after Tax

Nevertheless the factors mentioned above, the profit after tax of the company decreased by 54.16% (BDT 142.51 mn) due to increase of provision and cost of fund. As a result, earnings per share (EPS) in 2023 have also decreased to BDT 1.03 (BDT 2.25 in 2022).

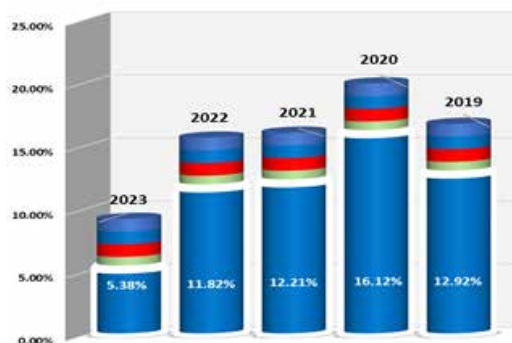
Profit Margin

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



Return on Equity

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



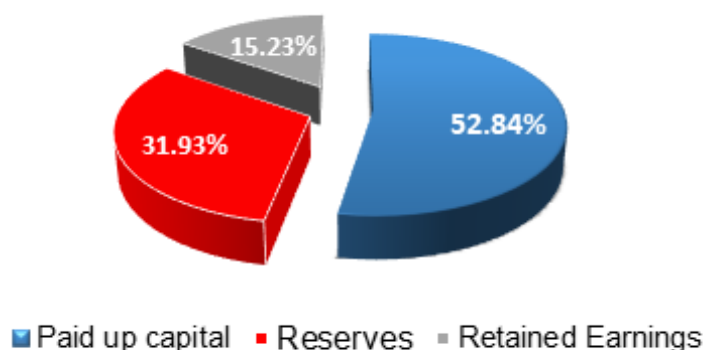
Outlook

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.

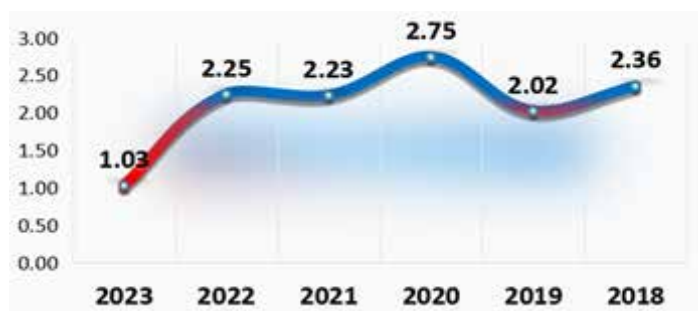
Capital Adequacy Ratio

NHF 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 decreased to Tk. 1.03 in 2023 from Tk. 2.25 in 2022.

Cash Flow Analysis

Particulars	2023	2022	2021	2020	2019
i) Net cash flows from operating activities	2,949.76	(2,242.49)	1,077.43	592.01	(3,515.98)
ii) Net cash used in investing activities	(353.46)	(482.08)	(32.89)	(691.85)	(94.43)
iii) Net cash used in financing activities	(618.62)	1,088.91	(143.09)	(896.78)	(237.67)
iv) Net increase /(decrease) in cash and cash equivalents (i+ii+iii)	1,977.67	(1,635.67)	901.45	(996.63)	(3,848.08)
v) Cash and cash equivalents at the beginning of the year	2,060.83	3,696.50	2,795.05	3,791.67	7,639.75
vi) Cash and cash equivalents at the end of the year (iv+v)	4,038.51	2,060.83	3,696.50	2,795.05	3,791.67

Cash Flow from Operating Activities

Net cash flow operating activities increased of BDT 2,949.76 mn in 2023 due to cash generated from term deposits than previous year.

Cash Flow from financing activities

The company paid BDT 443.07 mn of bank loan and paid cash dividend of 175.55 mn in the year 2023.

Overall scenario

The cash and cash equivalent balance of the company rose to Tk. 4,038.50 mn in 2023 compared to Tk. 2,060.83 mn in 2022.

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

NHF 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 of this annual report.

7. 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, NHF planned its Annual Business Plan for the year 2023, where the total disbursement target is projected to Tk. 3,000.00 mn.

The Company expects to maintain healthy returns to its shareholders in line with previous years.

8. Capital Adequacy Ratio (CAR)

The CAR (Capital Adequacy Ratio) of NHF for the year 2023 stands at 16.37% (compared to the minimum requirement of 10% as per Bangladesh Bank guidelines), exhibiting an upward trend from the previous year's CAR of 19.89%. This represents a significant changes of 17.69% 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.

9. Deposit Mobilization and Portfolio:

NHF loan portfolio is largely funded by its deposit base, which stood at Tk. 15,098.89 million and Tk. 12,472.19 million in 2023 and 2022, respectively. Despite this significant increase, NHF has maintained a sufficient level of liquidity to repay deposits upon maturity or in case of early encashment by clients. NHF 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 2023, which increased to 7.04% on December 31, 2022.

10. Earnings Per Share (EPS):

The recent economic distress, NHF was able to maintain its EPS stand at a level of 1.03 in 2023, lower than the previous year's EPS of 2.25. NHF 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.

11. Dividend Payout Ratio:

The company consistently pays a high level of dividends to its shareholders. In 2023 also, NHF proposed 10% cash dividend, which is 100.00% of the net profit after tax. In the last 5 years, NHF 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
Dhaka, Dated 31 July 2024

DIVIDEND DISTRIBUTION POLICY

This policy will be applicable to National Housing Finance PLC ("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 শ্রবিস্থান ৪৬ of the ডিপজিটরি (ব্যবহারিক) শ্রবিস্থানমালা, 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.

CERTIFICATE ON COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Annexure VII

Jasmin & Associates
Chartered Secretaries

Report to the Shareholders of National Housing Finance PLC. on Compliance on Corporate Governance Code

We have examined the Compliance status to the Corporate Governance Code by National Housing Finance PLC. for the year ended on December 31, 2023. 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
Managing Partner

Place : Dhaka
Dated : September 01, 2024

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 Director [No. of IDs to be at least 2(two) and (1/5) of total number]	✓		
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 been reported as a defaulter in the latest CIB of Bangladesh Bank	✓		
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) made by the Board subject to prior consent of the Commission, after due recommendation of NRC and approved in the AGM	✓		All the IDs of the company has been appointed before the BSEC Notification no. BSEC/CFD/ID/2021/17/ Admin dated 13.01.2022
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)	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
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)	Business Leader (is or was a promoter/director of unlisted co. having minimum paid-up capital of Tk.100.00 million or any listed company 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
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: Provided that in case of appointment of existing official clearance from competent authority required	✓		
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
1(4)	Duality of Chairperson and MD or CEO:			
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			NA
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
1(5)	Directors' Report (DR) to Shareholders:			
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	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
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	✓		
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 Com. 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)	In case of appointment/ re-appointment of a director, disclosure to be made to the shareholders:			
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)	DR to include Management's Discussion and Analysis (MDA) signed by CEO or MD:			
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	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
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	✓		
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 declaration or certification by the CEO and the CFO to the Board under condition No. 3(3)	✓		
1(5)(xxvii)	DR to include the report as well as certificate regarding compliance of conditions as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C;	✓		
1(5)(xxviii)	DR does not include the business strategy or technical specification related to products or services, which have business confidentiality.	✓		
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)	Code of Conduct for Chairperson, other Board Members and CEO:			
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	GOVERNANCE OF BOARD OF DIRECTORS OF SUBSIDIARY COMPANY			
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	MD / CEO, CFO, HIAC and CS			
3(1)	Appointment:			
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 or CEO, CS, CFO and HIAC not 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	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
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)	Duties of MD/CEO and CFO:			
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	✓		
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	BOARD'S COMMITTEE For ensuring good governance in the company, at least			
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. 18 dated: 21.08.2024 Audit Committee act as NRC of Fls.
5	AUDIT COMMITTEE			
5(1)	Responsibility to the Board of Directors:			
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)	Constitution of the Audit Committee:			
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 ID	✓		
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 not later than 60 (sixty) days			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	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
5(3)	Chairperson of the Audit Committee:			
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
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)	Role of Audit Committee (AC):			
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)	Reporting of the Audit Committee:			
5(6)(a)	Reporting to the Board of Directors:			
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

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
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	✓		
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	NOMINATION AND REMUNERATION COMMITTEE (NRC)			
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)	At least 02 (two) members of the Committee shall 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			N/A
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	✓		
6(4)	Meeting of the NRC			
6(4)(a)	NRC to conduct at least one meeting in a financial year			N/A

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
6(4)(b)	Chairperson of NRC to have discretion to convene any emergency meeting upon request by any member			N/A
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			N/A
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			N/A
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	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
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	✓		
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	MAINTAINING A WEBSITE BY THE COMPANY			
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	REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE			
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 NHF 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. NHF ensures compliance with all applicable conditions of the said Code.

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

BOARD OF DIRECTORS, CHAIRMAN AND MANAGING DIRECTOR

Composition of NHF's Board of Directors

In the year 2023, the Board of NHF 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. Accordingly, as per Bangladesh Bank guideline vide DFIM circular no. 01 and 02 dated 29 February 2024 and 13 March 2024 respectively the composition of the Board comprises of 7 (seven) Nominee Directors and 1 (one) Independent Director (all being Non-Executive Directors). As per Bangladesh Bank new circular the position of 1 (one) Independent Director has become vacant on 30 May 2024. The Board in their 256th meeting held on 30 May 2024 appointed Mr. Jalal Ahmed as Independent Director which waiting for regulatory approval. 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

[as on 31 July 2024]

Name & Description of Director	Position in NHF
Mr. Mahbubur Rahman [Representing Eastland Insurance Co. Ltd.]	Chairman & Chairman Risk Management Committee
Syed M. Altaf Hussain [Representing Pragati Insurance Ltd.]	Vice-Chairman
Mr. Md. Kabir Reza FCMA [Representing Square Pharmaceuticals Ltd.]	Director & Chairman Executive Committee
Mr. Abdul-Muyeed Chowdhury	Independent Director & Chairman Audit Committee
Mr. Mohammad Khaled Mamun FCII (UK) [Representing Reliance Insurance Ltd.]	Director
Mr. Md. Kazim Uddin [Representing National Life Insurance Co. Ltd.]	Director
Dr. Khondaker Showkat Hossain [Representing Borak Travels (Pvt.) Limited]	Director
Mr. A.K.M. Moinuddin, FCA [Representing Bangladesh Lamps Ltd.]	Director
Mr. Mohammad Shamsul Islam	Managing Director & Ex-officio Member

* Mr. Jalal Ahmed has been appointed as Independent Director on 30 May 2024 which waiting for regulatory approval.

Disclosure regarding Knowledge and Independence of Non-Executive Directors

All the Directors including Chairman 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 2023 the Directors had 10 Board Meetings, 10 Executive Meetings and 4 Audit Committee Meetings.

NHF's Policy on Appointment of Directors

NHF'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) and terms, by the Board in accordance with the provisions of the Finance Company Act 2023, 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 and during 2023, 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 is 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 NHF 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 (NRC) as sub-committees of the Board. However, as per Bangladesh Bank previous circular letter ref. no. 7 dated 25 September 2007 NBFIs' are allowed to form only Audit Committee and Executive Committee as a sub-committee of the Board. Now, Bangladesh bank considering the importance of NRC, issued a circular on 21 May 2024 through which they advised the Audit Committee of the Board to discharge the responsibilities of NRC as their additional responsibility.

Meanwhile, Bangladesh bank in its circular no. 01 dated 29 February 2024 also advised the Finance Company to form a Risk Management Committee (RMC) as a sub-committee of the Board and the duties of the RMC shall be clearly set forth in writing. Accordingly, the Board of NHF has constituted an Audit Committee, an Executive Committee and a Risk Management Committee. However, Audit Committee also perform the responsibility of Nomination & Remuneration Committee.

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 NHF consists of 4 members including 1 independent director.

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 NHF 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 (NRB). He was an Advisor to the Non-party Caretaker Government of Bangladesh. Mr. Chowdhury 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 the guideline of Bangladesh Bank vide DFIM circular no. 01 dated 29 February 2024 alongwith 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 Chartered 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 NHF 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 compromised 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.

NOMINATION & REMUNERATION COMMITTEE

As per Bangladesh Bank DFIM circular letter No. 18 dated: 21.08.2024 Audit Committee act as NRC of NBFIs. In this regards Audit Committee of NHF perform the duties and responsibilities of Nomination & Remuneration Committee as their additional duty.

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

- The Audit Committee as NRC is independent and responsible or accountable to the Board and to the shareholders.
- formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully; the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

- devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality.
- identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board.
- formulating the criteria for evaluation of performance of independent directors and the Board
- identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;
- developing, recommending and reviewing annually the company's human resources and training policies
- The Audit committee as NRC shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.
- 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.

EXECUTIVE COMMITTEE

The Executive Committee (EC) of NHF consist of 4 (four) Members all are the Non-executive Nominee Directors.

The EC is authorized to review and approve the proposals of loans and advances within prescribed limits set by the Board. The EC reviews all other proposals relating to loans and advances above the limits, as well as other matters for Board's approval. For discharging the duties and responsibilities, 10 (ten) Meetings of the EC of NHF were held during 2023.

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 PLC. 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.

RISK MANAGEMENT COMMITTEE

NHF has a well-structured and proactive risk management framework. For the purpose of management of risks, NHF usually 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. Considering the importance Bangladesh Bank vide DFIM circular no. 01 dated 29 February 2024 advised the Finance Company to form a Risk Management Committee (RMC) as a sub-committee of the Board of Directors.

Therefore, the Risk Management Committee (RMC) of NHF consist of 4 (four) Members 3 (three) of them are the Non-executive Nominee Directors and 1 (one) independent Director.

The RMC follows the guideline of Bangladesh Bank vide DFIM circular no. 01 dated 29 February 2024 alongwith its terms of reference (ToR) so that it could function effectively and smoothly. These ToR defines the roles and responsibilities of the RMC. The committee is also empowered to investigate/question employees and retain external counsel if required. A statement on risk management frame work is given separately in the Annual Report.

As per Bangladesh Bank Guideline, the Chairman of the RMC is a Director who is not involved in the day to day operations of the Company. The present Chairman of the RMC is Mr. Mahbubur Rahman who a legendary business leader of the country. He is the President, International Chamber of Commerce (ICC) – Bangladesh, The world business organization having its HQs in Paris. He is the Chairman & CEO of ETBL Holdings Limited. He is the Founder Chairman of Eastland Insurance Co. PLC, International Publications Limited, and Bangladesh International Arbitration Centre (BIAC). He is qualified to be the Chairman of the Risk Management Committee.

Risk assessment and control strategies

The Committee determine the risks of the various operations of the company and formulate appropriate strategies for its control and ensure its implementation also monitor the risk management policies and procedures of the company and make revisions if necessary. The Committee review the existing risk management system to ensure effective control system and provide direction to the management authority to take necessary measures.

Formulation of organizational structure

It is the responsibility of the risk management committee to ensure appropriate organizational structure for risk management of the company. Monitor compliance with the policies and guidelines for other risks including credit risk, internal control and compliance risk, money laundering risk and information and communication technology risk, and provide necessary instructions to the management authority where necessary.

Review and Approve Risk Management Policy

The risk management policy and guidelines of the company shall be reviewed by the Committee at least 1 (one) time per year; Recommend amendments as necessary and present to the Board of Directors for final approval. Moreover, at least 1 (one) time per year will review other limits including the loan approval limit and take corrective measures if necessary.

Data Storage and Reporting Procedures

The risk management committee examine and approve the information storage and reporting procedures developed by the management of the company. The committee will ensure that the said procedure is being followed properly or not. The Committee shall record the minutes of its meetings including proposals, recommendations and summaries in a prescribed manner and inform the Board of Directors.

Risk Management Framework

NHF has a well-structured and proactive risk management framework. For the purpose of management of risks, NHF 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. A statement on risk management framework is given separately in the Annual Report.

Monitoring the implementation of the overall risk management policy

The risk management committee will oversee the proper implementation of the overall risk management policy of the company. The committee will oversee whether necessary steps have been taken to deal with credit risk, market risk, operational risk and other risks.

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.

ETHICS AND COMPLIANCE

Ethics and Values

NHF 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 NHF 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 NHF 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 NHF 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 NHF.
- 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 NHF 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 NHF

The NHF'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.

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 NHF understands that an effective whistle blowing policy demands for a shift in the culture. NHF has a division named Internal Control and Compliance Division which dedicatedly works to ensure effective controls mechanism in the entire business entity

HUMAN RESOURCE MANAGEMENT

Employees are the key driving force of NHF's continuous success. A group of motivated and engaged employees with diverse talents are the key asset of NHF. NHF 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 NHF 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, NHF 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

NHF 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 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), online newspapers and print media. The notice of the AGM is also made available on the company website.

Well-Defined Shareholders' Rights

For managing successful and productive relationships with shareholders, it is imperative to reinforce the importance of maintaining trust, transparency and accountability. The Board ensures, through the Investors Relations, that shareholders of the Company are treated justly, fairly and honorably and their rights are protected in all respects. The Company Secretary works as a bridge over the management, shareholders and the Board of Directors of the Company, delivering assured services to valued shareholders while confirming as per applicable laws and Articles of the Association of the Company the well-defined rights of shareholders. Shareholders are informed on all material developments/matters in a routine manner on all major issues and changes in business, catering to the continuous requirement of disclosures so that shareholders can make informed decisions.

Shareholders' Complaint Management Process

NHF is a firm believer in treating all shareholders fairly. We have committed to serving the right procedure in order to handle the shareholders' complaints within the time period in order to settle the complaints on a priority basis. A Complaint Management Policy is in place to facilitate effective stakeholder involvement as well as maintain stakeholder rights and responsibility. Our commitment is to facilitating easy access to shareholder information, ensuring that shareholders' inquiries and complaints are handled in an efficient and timely manner and facilitating access to material information.

Ways to Raise Any Complaints

Where a complaint or inquiry is sent, the Secretariat/Share department (contact point for investor relations) upon receipt uses its best endeavors, liaising with the Registrars to ensure that the complaint or inquiry is properly attended to within the time frame. Contact point for investor relations are given below:

Mr. Md. Sarwar Kamal FCS
Company Secretary
e-mail: cs@nationalhousingbd.com

Mr. Mohammad Mazharul Islam ACS
Deputy Company Secretary and in-charge Share Department
e-mail: mazharul@nationalhousingbd.com

ENVIRONMENTAL AND SOCIAL OBLIGATIONS

Social and environmental responsibilities

At NHF, 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. NHF'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, NHF 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 NHF, 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 NHF:

In harmony with a natural and fresh environment, efficient use of reserves and appreciation for people's well-being and safety, NHF 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. NHF 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.

NHF 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)

NHF 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
24 th AGM	June 11, 2023; Sunday; 12.00 PM	Digital Platform

The matters considered by the shareholders in the 24th AGM are as follows:

Ordinary Business:

- Adaptation of the Audited Financial Statements of the Company for the year ended December 31, 2022;
- Declaration of Cash Dividend @ 15%;
- Re-election of Mr. Akhtar Ahmed (representing Reliance Insurance Limited), Mr. A.K.M. Moinuddin FCA (representing National Life Insurance Co. Ltd.) and Mr. Md. Kazim Uddin (representing National Life Insurance Co. Ltd.)
- Appointment of M/s. Mahfel Huq & Co. (Member of AGN international, UK), Chartered Accountants as External Auditor of the Company;
- Appointment of M/s. Jasmin & Associates, Chartered Secretaries, as Corporate Governance Auditor of the Company;

Special Business:

- Approval of the change of Name of the Company as “National Housing Finance PLC” changed from National Housing Finance and Investments Limited and necessary amendment in the Memorandum of Association and also in the Articles of Association of the Company;
- Approval for the new business wings under Islami Shariah Principles in addition to its traditional business of the Company and necessary insertion of the provisions therefor in the Memorandum of Association and also in the Articles of Association of the company;
- Amendment of 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 as 21 (Twenty-One) days;
- Approved for 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;
- Approved for making amendment in the Articles of Association of the Company for changing the quorum for holding Board Meetings by 5 (five) Directors instead of seven (7);
- Approved for making amendment in the Articles of Association of the Company for incorporating the provision of **alternative** means of dividend distribution;
- Approved for 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.

General Shareholders' Information for 25th AGM:

- Date : September 25, 2024; Time : 12.00 PM
- Mode/Venue: Virtual Meeting through online Digital Platform
- Virtual AGM Link: <https://agmbd.live/Nationalhousing>
- Financial Reporting Calendar : From January 01, 2023 to December 31, 2023
- Record Date (in lieu of Book Closure) : August 22, 2024

INTERNAL AUDIT & INTERNAL CONTROL SYSTEM

Introduction

The Directors of NHF 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 NHF

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 NHF'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 NHF 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 NHF, 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 NHF.

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 NHF 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 is required.

Conclusion

The Process of Internal Audit and Compliance in NHF 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 FRAME WORK

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. Up to the year 2023, NHF considered guidelines for managing core risks of financial institutions issued by Bangladesh Bank, vide FID Circular No. 10 dated September 18, 2005 for management of risks and DFIM Circular No. 03 dated January 24, 2016. Recently considering the importance of Risk management Bangladesh Bank has come up with a circular reference DFIM circular no. 01 dated 29 February 2024 wherein they advise all Finance Company to form a Risk Management Committee as a Sub-committee of the Board.

Identification of key risks NHF 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. NHF 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, NHF 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 NHF 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. NHF 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

NHF 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

NHF'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, NHF 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 NHF understands that an effective whistle blowing policy demands for a shift in the culture. NHF 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 NHF 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.

NHF maintained stable position during the year 2023. 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. NHF has been paying consistent dividend to its shareholders over years, which reflects company's long financial strength as well as commitment to its shareholders.

NHF 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 and transport facility to eligible employees etc., frequent revision of pay scales are competitive in the industry and instrumental for employee satisfaction.

On 30 June 2023, Credit Rating Information and Services Ltd. (CRISL) assigned 'AA-' 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 2022. 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'.

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 NHF	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
		Karnaphuli Fertilizer Co. Ltd. (KAFCO)	Director
Syed M. Altaf Hussain [Representing Pragati Insurance Limited]	Vice Chairman	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
Mr. Md. Kazim Uddin [Representing National Life Insurance Co. Ltd.]	Director	National Life Insurance Co. Ltd.	Chief Executive Officer
Mr. Akhtar Ahmed [Representing Reliance Insurance Limited] (Retired on 27.03.2024)	Director	Reliance Insurance Limited	Chief Consultant

Mr. Md. Khaled Mamun [Representing Reliance Insurance Limited] (Appointed on 27.03.2024)	Director	Reliance Insurance Limited	Chief Executive Officer
Mr. Muminul Haque Chowdhury [Representing Borak Travels (Pvt.) Limited] (Retired on 27.03.2024)	Director	Borak Travels (Pvt.) Limited	Advisor
Dr. Khondaker Showkat Hossain [Representing Borak Travels (Pvt.) Limited] (Appointed on 27.03.2024)	Director	Borak Travels (Pvt.) Limited	Chief Consultant
Mr. Azmal Hossain [Representing Eastern Insurance Co. Limited] (Retired on 18.05.2024)	Director	Eastern Insurance Co. Limited	Vice Chairman
		Hashem Paper Mills Limited	
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
		Summit Alliance Port Ltd.	Nominated Director
		ACI Ltd.	Nominated Director
		PEB Steel Alliance Ltd	Independent
		MJL Bangladesh Limited	Nominated Director
		Omera Fuels Ltd.	Nominated Director
		Omera Petroleum Ltd.	Nominated Director
		Omera Cylinders Ltd.	Nominated Director
		BRAC University	Founding Member, Trustee Board
		GSS Bangladesh	Chairman
		BIRDEM Hospital	Chairman, Management Board
Mr. Siddiqur Rahman Choudhury (Retired on 12.05.2024)	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
10.	2019	490	751,000.00
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.	2020	436	1,585,557.29
02.	2021	423	2,479,125.35
03.	2022	432	1,452,981.26

VALUE ADDED STATEMENT

For the year ended December 31, 2023

Value added is the wealth created by NHF 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

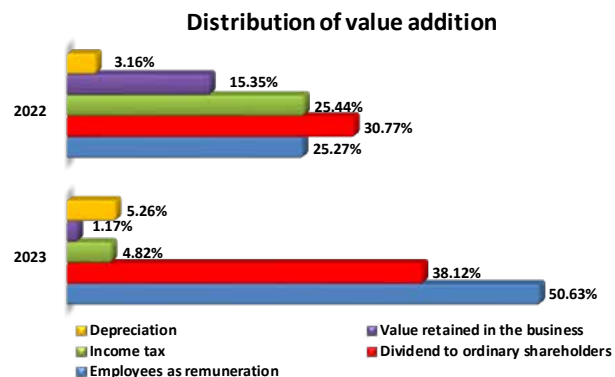
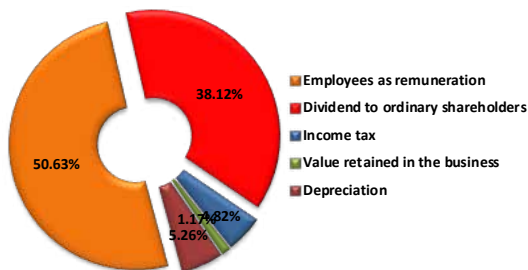
Particulars	31-Dec-22		31-Dec-21	
	Amount	%	Amount	%
Value added				
Operating revenue	1,531,467,001		1,522,800,949	
Cost of borrowing	(1,056,986,612)		(917,975,619)	
	474,480,389		604,825,331	
Other income	10,080,435		15,641,581	
	484,560,824		620,466,911	
Operating expenses excluding staff cost and depreciation	(58,318,811)		(53,157,262)	
Provision for loan, advances & investments	(119,224,907)		3,188,043	
Total value added by the company	307,017,106	100.00%	570,497,693	100.00%
Distribution of value addition				
Value added to Employees as remuneration	155,435,959	50.63%	144,176,796	25.27%
Value added to ordinary shareholders as Dividend	117,031,200	38.12%	175,546,800	30.77%
Value added through contribution to National Exchequer	14,790,613	4.82%	145,157,227	25.44%
	287,257,772	93.56%	464,880,823	81.49%
Retained for expansion and future growth				
Value retained in the business	3,602,377	1.17%	87,593,149	15.35%
Depreciation	16,156,957	5.26%	18,023,720	3.16%
Amount distributed	307,017,106	100%	570,497,693	100%

Number of employees at the end of the year 201 199

Value created per employee (BDT) 1,527,448 2,866,823

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

Value created per share (BDT) 2.62 4.87



ECONOMIC VALUE ADDED (EVA) STATEMENT

For the year ended December 31, 2023

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:

$$\text{EVA} = \text{Net Operating Profit after Tax} - (\text{Capital employed} * \text{Cost of equity})$$

NOPAT

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

Figures in BDT

Particulars	31-Dec-23	31-Dec-22
	Amount	Amount
Net operating profit	405,109,133	405,109,133
Provision for taxes	(145,157,227)	(145,157,227)
Net operating profit after tax (NOPAT)	259,951,906	259,951,906

Charges for capital

Capital employed	2,639,363,639	2,611,556,519
Cost of equity (%)	12.35%	9.90%
Capital charge	325,961,409	258,544,095
Economic value added	(66,009,503)	1,407,811
Number of shares	117,031,200	117,031,200
Economic Value Added Per Share	(0.56)	0.01

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.

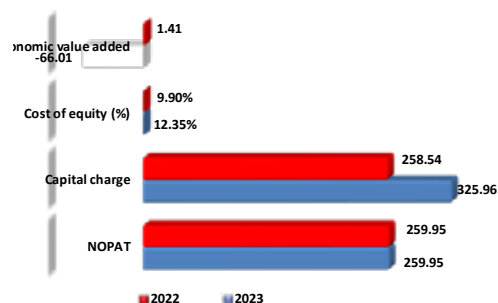
Interest rate on 5 (five) years Government Treasury Bond on December 31	10.35%	7.90%
Standard Risk Premium	2.00%	2.00%
Cost of equity	12.35%	9.90%

Capital employed as on December 31

Shareholder's equity	2,214,913,874	2,269,827,097
Accumulated provision for doubtful accounts and future losses	408,217,880	385,768,426
Total capital employed	2,623,131,754	2,655,595,523
Average capital employed	2,639,363,639	2,611,556,519

Figures in BDT mln

Particulars	2023	2022
	Amount	Amount
NOPAT	259.95	259.95
Capital charge	325.96	258.54
Cost of equity (%)	12.35%	9.90%
Economic value added	-66.01	1.41



MARKET VALUE ADDED (MVA) STATEMENT

For the year ended December 31, 2023

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, 2023 and 2022.

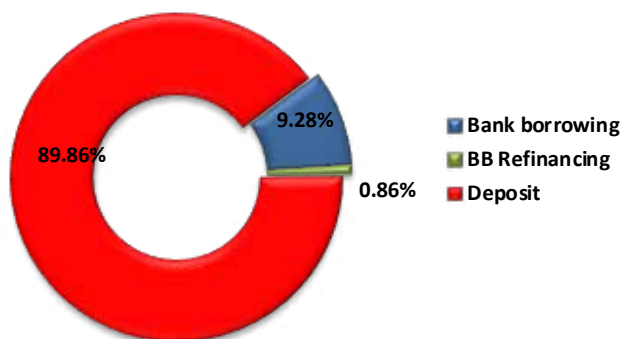
Figures in BDT		
Particulars	2023	2022
	Amount	Amount
Market value of shares outstanding	4,886,052,600	4,891,904,160
Book value of share outstanding	1,170,312,000	1,170,312,000
Market value added till Balance Sheet Date	3,715,740,600	3,721,592,160

MANAGING COST OF FUNDS (COF)

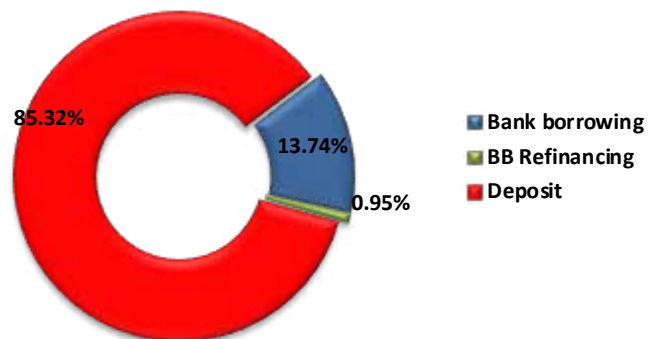
For the year ended December 31, 2023

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

Figures in BDT				
Particulars	December 31, 2023	%	December 31, 2022	%
Bank borrowing	1,559,679,299	9.28%	2,008,493,759	13.74%
BB Refinancing	143,888,758	0.86%	138,150,687	0.95%
Deposit	15,098,893,011	89.86%	12,472,190,833	85.32%
	16,802,461,068		14,618,835,279	



December 31, 2023

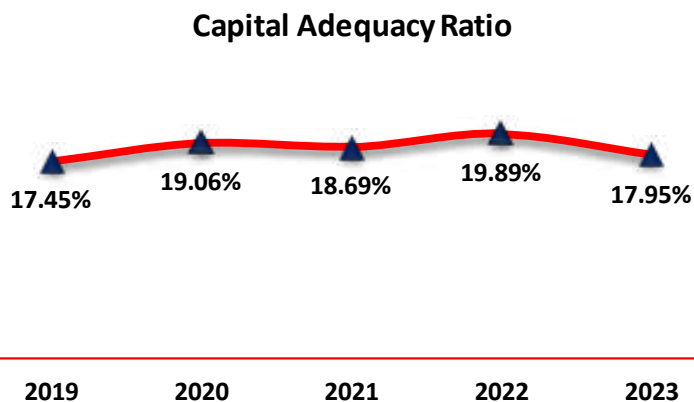


December 31, 2022

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 2023, capital adequacy ratio stood at 17.95%.

Amount BDT in Million	
Tier-1 (Core Capital)	2,214.91
Paid-up Capital	1,170.31
Statutory Reserve	707.19
Share premium account	-
General Reserve	-
Retained Earnings	337.41
Tier-2 (Supplementary Capital)	147.02
General Provision	147.02
Total Eligible Capital	2,361.93
Total risk weighted assets	13,158.72
Capital Adequacy Ratio	17.95%



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:

1) Funding and Capital Management :

- Business growth monitoring and Capital Planning
- Building strong Asset Liability Management (ALM) through conducting a participative 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, NHF PLC 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, NHFPLC's Treasury always searches best options to invest its idle fund for ensuring more profit. In the year 2023, 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 upward trend throughout the year 2023 due to withdrawal of 9%-6% interest rate bar. On the hand, overall inflation increased remarkably which triggered interest rate. Moreover, the news of financial scam in many Banks/NBFIs hamper the images of NBF industry. Consequently, Money Market operations of NBF were confined with other Banks. Despite of having image crisis about NBF, National Housing Finance PLC (NHFPLC) ensures the smooth transactions in money market through its prudent fund management system. Moreover, NHFPLC collected remarkable "Core Deposit" at competitive rate of interest. By using diversified liability product (Like Money Market, Core deposit, Term Loan, Zero Coupon Bond and BB Refinance etc.) Cost of Fund remains in favorable position throughout the year 2023.

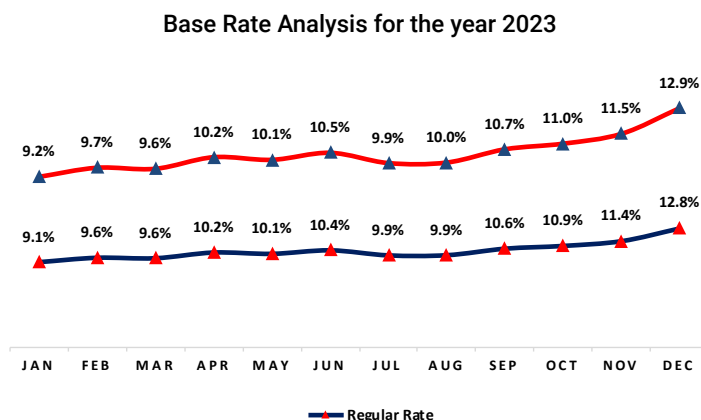
5) Asset Liability Management (ALM) at NHF

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 NHF, 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 NHFPLC is exhibited on the website for being transparent in the pricing of floating rate lending products. The monthly base rates of National Housing Finance PLC for the year 2023 are as shown below:



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 maximizes 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. National Housing Finance PLC.

HORIZONTAL ANALYSIS OF BALANCE SHEET

	2023	2022	2021	2020	2019
Property and Assets					
Cash:					
In hand (including foreign currencies)	-28.08%	-34.33%	-16.37%	-0.97%	100.00%
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	-28.44%	-18.34%	-18.94%	-28.37%	100.00%
	-28.44%	-18.34%	-18.94%	-28.36%	100.00%
Balance with banks and other financial institutions:					
In Bangladesh	9.07%	-64.63%	-1.31%	-26.13%	100.00%
Outside Bangladesh	-	-	-	-	-
	9.07%	-64.63%	-1.31%	-26.13%	100.00%
Money at call and on short notice	-	100.00%	-	-	-
Investments:					
Government	-	-	-	-	-
Others	332.71%	48.38%	21.76%	4.42%	100.00%
	1062.75%	778.43%	390.60%	540.86%	100.00%
Loans and advances:					
Loans, cash credits, overdrafts etc.	6.18%	6.66%	3.29%	0.99%	100.00%
Bills purchased and discounted	-	-	-	-	-
	6.18%	6.66%	3.29%	0.99%	100.00%
Fixed assets including premises, furniture and fixtures	-9.00%	-4.93%	-0.65%	1.94%	100.00%
Other assets	-10.92%	9.75%	-1.80%	-51.66%	100.00%
Non-banking assets					
Total Assets	12.64%	0.89%	4.49%	-2.51%	100.00%
Liabilities and capital					
Liabilities:					
Borrowing from other banks, financial institutions and agents	4.55%	31.74%	-45.86%	-47.85%	100.00%
Deposits and other accounts:					
Current accounts and other accounts etc.	-	-	-	-	-
Bills payable	-	-	-	-	-
Savings bank deposits	-11.78%	-97.38%	-86.91%	-86.91%	100.00%
Fixed deposits	24.56%	31.40%	47.84%	38.09%	100.00%
Bearer certificate of deposits	-	-	-	-	-
Other deposits	-76.93%	-75.60%	-67.24%	-1.31%	100.00%
	13.99%	-5.84%	8.87%	2.00%	100.00%
Other liabilities	3.80%	2.75%	6.87%	-9.99%	100.00%
Total Liabilities	12.13%	-1.32%	3.24%	-4.05%	100.00%
Capital/Shareholders' equity:					
Paid up capital	0.00%	0.00%	0.00%	0.00%	100.00%
Statutory reserve	37.61%	32.92%	22.68%	12.51%	100.00%
Retained earnings	62.28%	100.30%	83.48%	67.37%	100.00%
Total Shareholders' equity	17.06%	19.96%	15.33%	10.80%	100.00%
Total liabilities and Shareholders' equity	12.64%	0.89%	4.49%	-2.51%	100.00%

HORIZONTAL ANALYSIS OF PROFIT AND LOSS ACCOUNT

	2023	2022	2021	2020	2019
Interest Income	-29.1%	-29.0%	-21.0%	-6.9%	100%
Interest paid on deposits, borrowings etc.	-28.9%	-38.2%	-34.6%	-9.6%	100%
Net interest income	-29.8%	-4.9%	14.5%	0.1%	100%
Investment Income	1657.6%	1412.5%	1353.6%	3589.8%	100%
Commission, exchange and brokerage	-84.6%	-92.3%	-100.0%	-69.2%	100%
Other operating income	-46.2%	-16.6%	-17.0%	-41.0%	100%
	277.5%	254.9%	243.4%	648.8%	100%
Total operating income	-17.7%	5.3%	23.5%	25.6%	100%
Salaries and allowances	21.7%	12.9%	4.7%	-1.7%	100%
Rent, taxes, insurance, electricity etc.	49.8%	28.1%	12.2%	-4.8%	100%
Legal expenses	-100.0%	-100.0%	-93.7%	-34.6%	100%
Postage, stamps, telecommunication etc.	43.5%	29.5%	37.2%	31.5%	100%
Stationery, printing, advertisement etc.	-0.6%	2.5%	-13.2%	78.8%	100%
Managing Director's salary and fees	-12.1%	-9.7%	-19.9%	-5.3%	100%
Directors' fees and expenses	25.2%	43.2%	34.6%	-24.9%	100%
Auditors' fees	20.0%	20.0%	10.0%	0.0%	100%
Charges on loan losses	0.0%	0.0%	0.0%	0.0%	0.0%
Depreciation and repairs to assets	2.2%	14.0%	26.5%	22.8%	100%
Other expenses	26.3%	6.7%	-3.6%	-24.8%	100%
Total operating expenses	17.5%	10.1%	2.9%	1.8%	100%
Profit/ (Loss) before provisions	-35.3%	3.0%	33.8%	37.4%	100%
Provisions for					
Loans, advances and leases	-568.3%	23.7%	-470.1%	-390.5%	100%
Diminution in value of investments	-122.4%	-32.1%	-107.2%	-201.2%	100%
Others	385.1%	300.6%	14.4%	371.5%	100%
Total provisions	4374.0%	-219.6%	3275.8%	2046.6%	100%
Total profit/(loss) before taxation	-65.3%	4.5%	11.7%	23.7%	100%
Provisions for taxation					
Current	-70.1%	-6.9%	23.9%	5.8%	100%
Deffered	-1050.9%	53.6%	-469.8%	-19.4%	100%
	-90.4%	-5.6%	13.7%	5.3%	100%
Net Profit/(loss) after taxation	-49.1%	11.1%	10.3%	35.7%	100%
Earnings per share	-49.1%	11.1%	10.3%	35.7%	100%

VERTICAL ANALYSIS OF BALANCE SHEET

	2023	2022	2021	2020	2019
Property and Assets					
Cash:					
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)	0.90%	1.15%	1.10%	1.04%	1.42%
	0.90%	1.15%	1.10%	1.04%	1.42%
Balance with banks and other financial institutions:					
In Bangladesh	18.76%	6.79%	18.30%	14.68%	19.37%
Outside Bangladesh	-	-	-	-	-
	18.76%	6.79%	18.30%	14.68%	19.37%
Money at call and on short notice Investments:		3.26%			
Government	4.38%	4.89%	2.39%	3.72%	-
Others	2.60%	0.99%	0.79%	0.72%	0.68%
	6.98%	5.88%	3.17%	4.44%	0.68%
Loans and advances:					
Loans, cash credits, overdrafts etc.	69.74%	78.22%	73.14%	76.64%	73.99%
Bills purchased and discounted	-	-	-	-	-
	69.74%	78.22%	73.14%	76.64%	73.99%
Fixed assets including premises, furniture and fixtures	1.39%	1.62%	1.63%	1.80%	1.72%
Other assets	2.24%	3.08%	2.66%	1.40%	2.83%
Non-banking assets					
Total Assets	100.00%	100.00%	100.00%	100.00%	100.00%
Liabilities and capital Liabilities:					
Borrowing from other banks, financial institutions and agents	8.29%	11.67%	4.63%	4.78%	8.93%
Deposits and other accounts:					
Current accounts and other accounts etc.					
Bills payable					
Savings bank deposits	16.40%	0.54%	2.62%	2.81%	20.94%
Fixed deposits	57.07%	67.22%	73.02%	73.10%	51.61%
Bearer certificate of deposits	-	-	-	-	-
Other deposits	0.01%	0.02%	0.02%	0.06%	0.06%
	73.49%	67.78%	75.66%	75.98%	72.62%
Other liabilities	7.44%	8.22%	8.26%	7.45%	8.07%
Total Liabilities	89.22%	87.67%	88.55%	88.21%	89.63%
Capital/Shareholders' equity:					
Paid up capital	5.70%	6.36%	6.14%	6.58%	6.42%
Statutory reserve	3.44%	3.71%	3.31%	3.25%	2.82%
Retained earnings	1.64%	2.26%	2.00%	1.96%	1.14%
Total Shareholders' equity	10.78%	12.33%	11.45%	11.79%	10.37%
Total liabilities and Shareholders' equity	100.00%	100.00%	100.00%	100.00%	100.00%

VERTICAL ANALYSIS OF PROFIT AND LOSS ACCOUNT

	2023	2022	2021	2020	2019
Interest Income	94.33%	94.66%	95.32%	91.68%	98.88%
Interest paid on deposits, borrowings etc.	68.57%	59.67%	57.19%	64.49%	71.62%
Net interest income	25.77%	34.99%	38.13%	27.19%	27.27%
Investment Income	5.01%	4.32%	3.76%	7.79%	0.21%
Commission, exchange and brokerage	0.00%	0.00%	0.00%	0.00%	0.00%
Other operating income	0.65%	1.02%	0.92%	0.53%	0.90%
	5.67%	5.34%	4.68%	8.32%	1.12%
Total operating income	31.43%	40.33%	42.81%	35.51%	28.38%
Salaries and allowances	10.08%	9.37%	7.87%	6.02%	6.15%
Rent, taxes, insurance, electricity etc.	1.13%	0.97%	0.77%	0.53%	0.56%
Legal expenses	0.00%	0.00%	0.01%	0.13%	0.19%
Postage, stamps, telecommunication etc.	0.18%	0.17%	0.16%	0.12%	0.10%
Stationery, printing, advertisement etc.	0.65%	0.67%	0.51%	0.86%	0.48%
Managing Director's salary and fees	0.43%	0.45%	0.36%	0.35%	0.37%
Directors' fees and expenses	0.09%	0.10%	0.09%	0.04%	0.05%
Auditors' fees	0.02%	0.02%	0.02%	0.01%	0.01%
Charges on loan losses	-	-	-	-	-
Depreciation and repairs to assets	1.05%	1.17%	1.18%	0.93%	0.76%
Other expenses	1.27%	1.08%	0.88%	0.56%	0.75%
Total operating expenses	14.91%	14.00%	11.85%	9.56%	9.43%
Profit/ (Loss) before provisions	16.52%	26.33%	30.96%	25.95%	18.95%
Provisions for					
Loans, advances and leases	7.29%	-1.93%	5.22%	3.35%	-1.16%
Diminution in value of investments	-0.35%	1.06%	-0.10%	-1.17%	1.16%
Others	0.80%	0.66%	0.17%	0.57%	0.12%
Total provisions	7.73%	-0.21%	5.29%	2.75%	0.13%
Total profit/(loss) before taxation	8.78%	26.54%	25.67%	23.20%	18.83%
Provisions for taxation					
Current	-2.92%	-9.12%	-10.98%	-7.65%	-7.26%
Deffered	1.96%	-0.32%	0.69%	-0.12%	-0.15%
	-0.96%	-9.44%	-10.29%	-7.77%	-7.41%
Net Profit/(loss) after taxation	7.83%	17.10%	15.37%	15.43%	11.41%

DISCLOSURES UNDER PILLAR-III MARKET DISCIPLINE

A) Scope of Application

Qualitative Disclosures:

- a) These guidelines apply to National Housing Finance PLC.
- b) NHF has no subsidiary companies.
- c) Not Applicable

Quantitative Disclosures:

Not Applicable

B) Capital Structure:

Qualitative Disclosures:

1. 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:

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

Conditions for maintaining regulatory capital:

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

Quantitative Disclosures:

2. 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	70.72
General reserve & other reserve	-
Retained earning	33.74
Dividend equalization account	-

3. The total amount of Tier 2 capital Taka 16.37 crore
4. Other deductions from capital -
5. Total Eligible Capital Taka 237.86 crore

C) Capital Adequacy

Qualitative Disclosures:

- a) 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)

- NHF 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	1309.70
b)	Capital requirement for Market Risk	52.06
c)	Capital requirement for Operational Risk	91.62
d)	Total and Tier 1 Capital ratio:	
	CAR on Total capital basis (%)	16.37%
	CAR on Tier 1 capital basis (%)	15.24%

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 NHF:

- 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, NHF 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 NHF, 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 NHF 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 National Housing Finance. NHF has also established Internal Control and Compliances Department (ICC) to ensures, 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, NHF 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	1,356.44
Loan against fixed deposit	9.72
Staff Loan	3.89
SME Loan	47.98
Lease/Term Loan	4.38
Others	14.85
Total	1,432.88

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

Area	Amount in crore Taka
Dhaka	1,100.59
Chattogram	121.73
Rajshahi	143.55
Rangpur	67.01
Total	1,432.88

(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	1,356.44
RMG	0.08
Paper, Printing and Packaging	0.69
Iron, Steel and Engineering	4.16
Pharmaceuticals and Chemicals	0.06
Textile & Industry	1.47
Food and Allied Products	1.69
Transport & Communication	1.47
Electronics and Electrical Products	2.14
Ship Manufacturing Industry	2.31
Agriculture & Chemicals	21.19
Plastic Industry	2.98
Others	38.20
Total	1,432.88

(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	37.62
Not more than 3 months	0.98
Over 3 months but not more than 1 year	11.51
Over 1 year but not more than 5 years	148.17
Over 5 years	1,234.60
Total	1,432.88

(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	198.28
Loan over 5 years	1,234.60
Total	1,432.88

(ii) Specific and general provision

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

Particulars	Amount in crore Taka
Provision on classified loans and advances	19.10
Provision on unclassified loans and advances	17.55
Total	36.65

(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 NHF.

Particulars	Amount in crore Taka
Provision on classified loans and advances	6.43
Provision on unclassified loans and advances	4.81
Total	11.24

(g) Gross Non Performing Assets (NPA) (Amount in crore) Taka 128.43 crore
Non-Performing Assets (NPAs) to outstanding Loans and Advances 8.96%

Movement of Non-Performing Assets (NPAs)

Particulars	Amount in crore Taka
Opening Balance	99.75
Additions	52.90
Reductions	(24.22)
Closing Balance	128.43

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

Particulars	Amount in crore Taka
Opening Balance	21.21
Provisions made during the period	8.96
Write-off	(8.63)
Written-back of excess provisions	(2.44)
Closing Balance	19.10

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)	26.03
Quoted shares (Cost Price)	23.21
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	23.21
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)	0.10

(d)

Particulars	Amount in crore Taka
Total unrealized gains(Losses)	(3.12)
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 26.03 crore. Capital Requirement is 10% of the said value which stand to BDT 2.60 crore.

General Risk- Market value of investment in equities is BDT 26.03 crore. Capital Requirement is 10% of the said value which stand to BDT 2.60 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.

NHF 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)	142.58	149.05	160.94	187.75	295.41
B. Total Rate Sensitive Assets (B)	101.13	154.20	168.31	192.57	317.32
C. Mismatch	-41.45	5.15	7.37	4.82	21.91
D. Cumulative Mismatch	-41.45	-36.30	-28.93	-24.11	-2.20
E. Mismatch (%)	-29.07%	3.46%	4.58%	2.57%	7.42%

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)	-0.04	-0.09	-0.13
Revised Regulatory Capital (BDT in Crore)	237.82	237.77	237.73
Risk Weighted Assets (BDT in Crore)	1453.38	1453.38	1453.38
Revised CAR (%)	16.36%	16.36%	16.36%

(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, NHF 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:

NHF 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	5.21
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

NHF'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 NHF family. We aim to foster a sense of pride in working for NHF and to be the employer of choice. As such there exists no performance gap in NHF.

Potential external events

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

Policies and procedures for mitigating operational risk:

NHF 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. NHF 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:	9.16

DECLARATION BY MD & CFO REGARDING FINANCIAL STATEMENT

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

Declaration by MD and CFO

Date: 31.07.2024

The Board of Directors

National Housing Finance PLC
Concord Baksh Tower (7th Floor), Plot: 11-A,
Road: 48, Block: CWN(A), Gulshan-2, Dhaka-1212,

Subject: Declaration on Financial Statements for the year ended on 31st December 2023

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 PLC for the year ended on 31st December, 2023 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 31st December, 2023 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: 31.07.2024



(Sayed Ahmed FCMA)
Chief Financial Officer
Date: 31.07.2024

BANGLADESH ASSOCIATION OF PUBLICLY LISTED COMPANIES

Ref. No: CM-2024/188

BAPLC

Date of issue : March 21, 2024

Renewed Certificate

This is to certify that

NATIONAL HOUSING FINANCE PLC.

is an Ordinary Member of Bangladesh Association of Publicly Listed Companies and is entitled to all the rights and privileges appertaining thereto.

This certificate remains current until 31st December 2024.




Secretary General



AUDITOR'S REPORT

Independent Auditor's Report
To the Shareholders of National Housing Finance PLC.
Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of National Housing Finance PLC. (the Company), which comprise the balance sheet as at 31st December 2023 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 31st December 2023, 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.

Measurement of provision for loans, advances and leases
See Notes 14.01, 14.02 & 31 and 8.11 to the financial statements

The key audit matter	How the matter was addressed in our audit
The process for estimating the provision for loans, advances and leases associated with credit risk is judgmental and complex. 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. At year end the Company reported total gross loans, advances and leases of BDT 14,328,812,414 (2022: BDT 14,393,418,552) and provision for loans, advances, investment and others of BDT 408,217,880 (2022: BDT 385,768,426.) We have focused on the following significant judgments and estimates which could give rise to material misstatement or management bias: - Completeness and timing of recognition of loss events in accordance with criteria set out in Bangladesh Bank's guidelines issued time to time. - 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; - Provision measurement is primarily dependent upon key assumptions relating to probability of default, ability to repossess collateral and recovery rates.	We tested the design and operating effectiveness of key controls focusing on the following: - Credit monitoring and provisioning process; - Identification of loss events, including early warning and default warning indicators; - Review quarterly Classification of Loans (CL); Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following: - Reviewed the adequacy of the Company's general and specific provisions; - Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information; and - Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.

Loans and Advances See notes 8.07, 8.08 & 8.11 to the financial statements.	
The key audit matter	How the matter was addressed in our audit
A high volume of loan origination and payment activity results in the risk of inaccurate recording, processing errors or fraudulent transactions, which requires special audit consideration because of the likelihood and potential magnitude of misstatements to the completeness, existence and accuracy of loans and advances.	We tested the design and operating effectiveness of key controls focusing on credit appraisal, loan disbursement and documentation process of loans and advances. We have performed procedure to check whether the Company has ensured appropriate documentation as per Bangladesh Bank regulations and the Company's policy before disbursement of loans and advances. In addition, we have performed procedure to check whether the loans and advances are recorded completely and accurately and that are existed at the reporting date. Furthermore, we have assessed the appropriateness of disclosure against Bangladesh Bank guidelines.

Interest Income and Investment Income
See notes 19.00 & 21.00 to the financial statements.

The key audit matter	How the matter was addressed in our audit
At year end the National Housing Finance PLC. reported total Interest Income BDT 1,454,168,287 This interest income includes interest on Home Mortgage Loan, Commercial Mortgage Loan, Project Mortgage Loan, Lease of Industrial Equipment, Vehicles, Delinquent Interest, and 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) The National Housing Finance PLC. Also reported Investment income TK. 77,297,714 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) 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.	We have tested the design and operating effectiveness of key controls focusing on the following: - 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; - Verify proper revenue recognition through cut of date for interest receivable; - Verify the authentication of documents; - Timing of revenue recognition. Our substantive procedures in relation to the revenue recognition comprises the following: - 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; - 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; - Critically assessing manual journals posted to revenue to identify unusual or irregular items; and - Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards.

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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the board of directors of the company.

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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities of the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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 2020, 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 of the Company and we have spent around 1,462 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;
- (xviii) all other issues which in our opinion are important for the stakeholders of the Company have been adequately disclosed in the audit report.

Md. Abdus Satter Sarkar, FCA
Partner
ICAB Enrollment No. 1522
Mahfel Huq & Co.
Chartered Accountants
Firm Registration No. P-46323
DVC: 2408061522AS935456

Dhaka
Dated: 31 July 2024



AUDITED FINANCIAL STATEMENTS

NATIONAL HOUSING FINANCE PLC.
Balance Sheet
As at December 31, 2023

Particulars	Note	Amount in Taka	
		31-Dec-23	31-Dec-22
Property and Assets			
Cash:	4.00		
In hand (including foreign currencies)		34,709	31,694
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		184,825,728	210,920,299
		184,860,437	210,951,993
Balance with banks and other financial institutions:	5.00		
In Bangladesh		3,853,644,896	1,249,881,404
Outside Bangladesh		-	-
		3,853,644,896	1,249,881,404
Money at call and on short notice	6.00	-	600,000,000
Investments:	7.00		
Government		899,845,052	899,845,052
Others		533,356,558	182,898,009
		1,433,201,610	1,082,743,061
Loans and advances:	8.00		
Loans, cash credits, overdrafts etc.		14,328,812,414	14,393,418,552
Bills purchased and discounted		-	-
		14,328,812,414	14,393,418,552
Fixed assets including premises, furniture and fixtures	9.00	285,371,376	298,113,133
Other assets	10.00	459,936,545	566,629,776
Non-banking assets	11.00	-	-
Total Assets		20,545,827,278	18,401,737,918
Liabilities and capital			
Liabilities:			
Borrowing from other banks, financial institutions and agents	12.00	1,703,568,057	2,146,644,446
Deposits and other accounts:	13.00		
Current accounts and other accounts etc.		-	-
Bills payable		-	-
Savings bank deposits		3,370,000,000	100,000,000
Fixed deposits		11,726,192,883	12,369,335,605
Bearer certificate of deposits		-	-
Other deposits		2,700,128	2,855,228
		15,098,893,011	12,472,190,833
Other liabilities	14.00	1,528,452,336	1,513,075,542
Total Liabilities		18,330,913,404	16,131,910,821
Capital/Shareholders' equity:			
Paid up capital	15.02	1,170,312,000	1,170,312,000
Statutory reserve	16.00	707,191,873	683,065,157
Retained earnings	17.00	337,410,001	416,449,939
Other reserves		-	-
Total Shareholders' equity		2,214,913,874	2,269,827,097
Total liabilities and Shareholders' equity		20,545,827,278	18,401,737,918

Particulars	Note	Amount in Taka	
		31-Dec-23	31-Dec-22
Off-Balance Sheet Items			
Contingent Liabilities:		-	-
Acceptances and endorsements		-	-
Letters of guarantee		-	-
Irrevocable letters of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
Other Commitments:			
Documentary credits and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Un-disbursed contracted loans and leases	41.00	398,935,011	984,542,132
Undrawn formal standby facilities, credit lines and other commitments		-	-
		398,935,011	984,542,132
Total Off-Balance Sheet Items including contingent liabilities		398,935,011	984,542,132
Net Asset Value (NAV) per share	42.00	18.93	19.40

Annexed notes form an integral part of these financial statements

Mohammad Shamsul Islam
Managing Director

A.K.M. Moinuddin, FCA
Director

Md. Kabir Reza, FCMA
Director

Mahbubur Rahman
Chairman

Signed as per our report on same date

Md. Abdus Satter Sarkar, FCA
Partner
ICAB Enrollment No.1522
Mahfel Huq & Co.
Chartered Accountants
Firm Registration No. P-46323
DVC: 2408061522AS935456 :

Place: Dhaka
Dated: 31 July 2024

NATIONAL HOUSING FINANCE PLC.
Profit and Loss Account
For the year ended December 31, 2023

Particulars	Note	Amount in Taka	
		31-Dec-23	31-Dec-22
Interest Income	19.00	1,454,168,287	1,456,285,526
Interest paid on deposits, borrowings etc.	20.00	1,056,986,612	917,975,619
Net interest income		397,181,676	538,309,907
Investment Income	21.00	77,297,714	66,515,423
Commission, exchange and brokerage	22.00	1,000	500
Other operating income	23.00	10,080,435	15,641,081
		87,379,149	82,157,004
Total operating income		484,560,824	620,466,911
Salaries and allowances	24.02	155,435,959	144,176,796
Rent, taxes, insurance, electricity etc.	24.03	17,485,300	14,954,313
Legal expenses	24.04	-	-
Postage, stamps, telecommunication etc.	25.00	2,833,308	2,556,559
Stationery, printing, advertisement etc.	26.00	9,980,236	10,288,347
Managing Director's salary and fees	27.00	6,680,000	6,860,000
Directors' fees and expenses	24.01	1,408,000	1,610,400
Auditors' fees	28.00	345,000	345,000
Charges on loan losses		-	-
Depreciation and repairs to assets	29.00	16,156,957	18,023,720
Other expenses	30.00	19,586,967	16,542,643
Total operating expenses		229,911,727	215,357,778
Profit/ (Loss) before provisions		254,649,097	405,109,133
Provisions for			
Loans, advances and leases	31.00	112,376,858	(29,691,350)
Diminution in value of investments	31.01	(5,414,505)	16,378,775
Others	31.02	12,262,554	10,124,532
Total provisions		119,224,907	(3,188,043)
Total profit/(loss) before taxation		135,424,190	408,297,177
Provisions for taxation			
Current	14.08	(45,018,175)	(140,275,681)
Deffered	10.03 & 14.08	30,227,562	(4,881,546)
		(14,790,613)	(145,157,227)
Net Profit/(loss) after taxation		120,633,577	263,139,949
Appropriations:			
Statutory reserve	16.00	24,126,715	52,627,990
General reserve		-	-
Dividend etc.		-	-
		24,126,715	52,627,990
Retained surplus		96,506,862	210,511,959
Earnings per share	32.00	1.03	2.25

Annexed notes form an integral part of these financial statements



Mohammad Shamsul Islam
Managing Director



A.K.M. Moinuddin, FCA
Director



Md. Kabir Reza, FCMA
Director



Mahbubur Rahman
Chairman

Signed as per our report on same date



Md. Abdus Satter Sarkar, FCA
Partner
ICAB Enrollment No.1522
Mahfel Huq & Co.
Chartered Accountants
Firm Registration No. P-46323
DVC: 2408061522AS935456

Place: Dhaka
Dated: 31 July 2024

NATIONAL HOUSING FINANCE PLC.

Statement of Changes in Equity
For the year ended December 31, 2023

Figures in Taka

Particulars	Paid-up Capital	Statutory Reserve	General Reserve	Revaluation reserve on Govt. Securities	Retained Earnings	Total
Balance as at January 01, 2023	1,170,312,000	683,065,157	-	-	416,449,939	2,269,827,097
Changes in accounting policy	-	-	-	-	-	-
Restated balance	1,170,312,000	683,065,157	-	-	416,449,939	2,269,827,097
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	-	-	-	-	120,633,577	120,633,577
Dividends	-	-	-	-	(175,546,800)	(175,546,800)
Issue of Bonus share	-	-	-	-	-	-
Transfer to statutory reserve	-	24,126,715	-	-	(24,126,715)	-
Balance as at December 31, 2023	1,170,312,000	707,191,873	-	-	337,410,001	2,214,913,874

Annexed notes form an integral part of these financial statements


Mohammad Shamsul Islam
Managing Director


A.K.M. Moinuddin, FCA
Director


Md. Kabir Reza, FCMA
Director


Mahbubur Rahman
Chairman

Place: Dhaka
Date: 31 July 2024

NATIONAL HOUSING FINANCE PLC.
Cash Flow Statement
For the year ended December 31, 2023

Particulars	Amount in Taka	
	31-Dec-23	31-Dec-22
A. Cash flows from operating activities		
Interest receipts in cash	1,456,519,260	1,481,992,085
Interest payments	(999,121,299)	(984,950,482)
Dividend receipts	5,921,307	5,467,587
Fees and commissions receipts in cash	1,000	500
Recoveries on loans previously written off	(933,600)	11,907,484
Cash payments to employees	(156,835,042)	(152,724,312)
Cash payments to suppliers	(13,223,995)	(13,386,336)
Income taxes paid	(153,648,070)	(168,332,619)
Income received from Investments	65,493,994	57,627,014
Receipts from other operating activities	11,098,499	19,061,902
Payments for other operating activities	(35,897,330)	(31,534,762)
Cash generated from operating activities before changes in operating assets and liabilities	179,374,723	225,128,061
Increase/(decrease) in operating assets and liabilities:		
Statutory deposits	-	-
Purchase/sale of trading securities	-	-
Loans, advances and leases to the client	(21,737,418)	(453,960,685)
Other assets	77,683,068	(78,241,490)
Term deposits	2,626,857,278	(1,947,868,866)
Other deposits	(155,100)	(978,630)
Trading liabilities	-	-
Other liabilities	87,735,872	13,428,191
	2,770,383,701	(2,467,621,479)
Net cash flow from operating activities	2,949,758,424	(2,242,493,418)
B. Cash flows from investing activities		
Proceeds from sale of securities		
Payments for purchase of securities	(350,458,549)	(32,811,628)
Purchase /sale of property, plant & equipment	-	(445,224,852)
Purchase /sale of subsidiary	(3,004,749)	(4,043,614)
Net cash from investing activities	-	-
C. Cash flows from financing activities	(353,463,298)	(482,080,094)
Receipts from issue of loan capital & debt securities		
Payments for redemption of loan capital & debt securities	-	-
Receipt from ordinary shares	-	-
Loan from banks	-	-
Dividend paid	(443,076,389)	1,264,452,386
Net cash from financing activities	(175,546,800)	(175,546,800)
D. Net increase/(decrease) in cash	(618,623,189)	1,088,905,586
	1,977,671,936	(1,635,667,926)
E. Effects of exchange rate changes on cash and cash equivalent		
F. Cash and cash equivalent at beginning of the year	2,060,833,397	3,696,501,323
G. Cash and cash equivalent at end of the year	4,038,505,333	2,060,833,397
Cash and cash equivalent at end of the year		
Cash in hand (including foreign currencies)	34,709	31,694
Balance with Bangladesh Bank and its agent bank(s) (including foreign currency)	184,825,728	210,920,299
Balance with banks and other financial institutions	3,853,644,896	1,249,881,404
Money at call and on short notice	-	600,000,000
	4,038,505,333	2,060,833,397
Net Operating Cash Flow Per Share (NOCFPS) (Note- 42.01)	25.20	(19.16)

Annexed notes form an integral part of these financial statements


Mohammad Shamsul Islam
Managing Director


A.K.M. Moinuddin, FCA
Director


Md. Kabir Reza, FCMA
Director


Mahbubur Rahman
Chairman

Place: Dhaka
Dated: 31 July 2024

NATIONAL HOUSING FINANCE PLC.
Liquidity Statement
(Maturity Analysis of Assets & Liabilities)
As at December 31, 2023

Figures in Taka

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Asset						
Cash in hand	34,709	-	-	-	-	34,709
Balance with Bangladesh Bank and its agents	184,825,728	-	-	-	-	184,825,728
Balance with other banks and FIs	300,944,896	222,700,000	3,330,000,000	-	-	3,853,644,896
Investments	533,356,558	-	-	899,845,052	-	1,433,201,610
Money at call and on short notice	-	-	-	-	-	-
Loans, advances and leases	376,224,314	9,799,090	115,090,113	1,481,722,682	12,345,976,216	14,328,812,414
Fixed assets including premises, fixtures and fittings	-	-	-	-	285,371,376	285,371,376
Other assets	134,625,748	-	303,708,308	21,030,488	572,000	459,936,545
Non-financial institution assets	-	-	-	-	-	-
Total Asset	1,530,011,953	232,499,090	3,748,798,421	2,402,598,222	12,631,919,592	20,545,827,278
Liabilities						
Borrowing from banks, other financial institutions and agents	667,886,455	-	891,792,844	143,888,758	-	1,703,568,057
Deposits and other accounts	1,065,243,892	-	10,178,467,603	3,736,939,996	118,241,520	15,098,893,011
Provision & other liabilities	403,910,984	18,166,251	290,214,247	812,917,057	3,243,797	1,528,452,336
Total Liabilities	2,137,041,331	18,166,251	11,360,474,694	4,693,745,811	121,485,317	18,330,913,404
Net Liquidity Gap	(607,029,377)	214,332,839	(7,611,676,273)	(2,291,147,589)	12,510,434,275	2,214,913,874

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

Annexed notes form an integral part of these financial statements


Mohammad Shamsul Islam
Managing Director


A.K.M. Moinuddin, FCA
Director


Md. Kabir Reza, FCMA
Director


Mahbubur Rahman
Chairman

NATIONAL HOUSING FINANCE PLC.
Notes to the Financial Statements
For the year ended December 31, 2023.

1.00 Company and its activities

1.01 Legal status and nature of the company

National Housing Finance PLC 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.

As per Gazette notification of Bangladesh Bank DFIM(L)/1053/63/2023-3779, dated Dhaka, 20 Kartik 1430/5th November, 2023 National Housing Finance and Investments Limited has been changed in the name of 'National Housing Finance PLC'.

1.02 Principal Activities of NHF

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 NHF 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 in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted in Bangladesh by the Institute of Chartered Accountants of Bangladesh, except the circumstances where local regulations differ, and the Financial Reporting Act 2015, the Companies Act, 1994, the Finance Company Act, 2023, Securities and Exchange Rules, 2020 & the (Listing) Regulations, 2015 of Dhaka & Chittagong Stock Exchanges and other applicable laws and regulations. The presentation of the financial statements of the Company has been made as per instructed by Bangladesh Bank vide their DFIM Circular no-11 dated 23 December 2009. The activities and accounting heads mentioned in the prescribed form, which are not applicable for financial institutions, have been kept blank in the financial statements."

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 2023 (Master circular of Loan/ lease re-scheduling/re-structure) 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 175,540,086 (out of accumulated provision of BDT 366,558,763) 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 31st July, 2024.

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 2023.
- b) Profit and Loss Account for the year ended 31 December 2023.
- c) Statement of Cash Flows for the year ended 31 December 2023.
- d) Statement of Changes in Equity for the year ended 31 December 2023.
- e) Liquidity Statement for the year ended 31 December 2023 and
- f) Notes to the Financial Statements for the year ended 31 December 2023.

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 NHF.

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 2023. Accounts of the branches 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, 2023 to December 31, 2023.

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 stated in these guidelines have to be followed by all FIs for the purpose of statutory compliance.

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

2.12 Legal proceedings

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

3.00 Significant accounting policies

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

3.01 Authorized Capital

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

3.02 Paid up Capital

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

3.03 Statutory Reserve

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

3.04 Revenue Recognition

3.04.01 Interest Income

Mortgage Loans

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

Lease Finance

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

Term Finance

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

Fixed Deposits

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

3.04.02 Investment Income

Income on investment is recognized on accrual basis.

3.04.03 Fees and Commission Income

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

3.05 Expenditure Recognition

3.05.01 Interest Paid and Other Expenses

Interest paid and other expenses are recognized on accrual basis.

3.05.02 Loan Loss Provision

General provision @ 1.00% & 0.25% on the unclassified loans 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 5(five) years of confirmed service in the company. Gratuity is calculated on the basis of last basic salary and is payable at the rate of one month's basic pay for every completed year of service.

3.07 Income Tax

3.07.01 Current Tax :

Provision for current year's taxation has been made as per the provision of Income Tax Ordinance 1984 at the ruling rate prescribed in the Finance Act, 2023 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, 2023. 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 2023 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:

- a) The Financial Institutions Act 1993;
- b) The Companies Act 1994;
- c) Rules and Regulations Issued by Bangladesh Bank;
- d) The Securities and Exchange Rules-1987;
- e) The Securities and Exchange Ordinance-1969;
- f) The Securities and Exchange Commission Act-1993;
- g) The Securities and Exchange Commission(Public Issue) Rules-2006;
- h) The Financial Institutions Regulations, 1994
- i) The Income Tax Ordinance 1984;
- j) The VAT and Suplimentary Duty Act 2012.
- k) The VAT and Suplimentary Duty Rule 2016.
- l) 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
Leases	IAS-17	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
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

NHF 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, NHF also considers guidelines for managing core risks of financial institutions issued by the Country's Central Bank, Bangladesh Bank, vide FID Circular No. 10 dated 18 September 2005 for management of risks and, more recently, DFIM Circular No. 03 dated 24 January 2016.

Credit Risk

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 NHF, 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. NHF 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 NHF, to address operational risks. NHF 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 NHF, money laundering and terrorist financing risk takes two broad dimensions:

- a) Business risk which is the risk that NHF may be used for money laundering or for the financing of terrorism and
- b) Regulatory risk which is the risk that NHF 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, NHF, while adhering to various guidelines and circulars issued by the Bangladesh Financial Intelligence Unit (BFIU), has in place a strict compliance program consisting of the following components:

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

Additional risks required to be addressed under regulatory requirements

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

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

Strategic Risk

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

NHF 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 NHF 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, NHF 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 NHF 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.

NHF 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, NHF 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. NHF 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. NHF 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

ICT risk is basically any threat to business data, critical systems and business processes which is associated with the use, ownership, operation, involvement, influence and adoption of IT within an organization. ICT risk spans a range of business-critical areas, such as Security, Availability, Performance and Compliance. Risks arising due to system breakdown, non-availability of systems, errors and disruptions or not keeping pace with the technological changes. NHF is in process to implement fully automated software having adequate safety & security measure.

Information security consists of people, process and technologies those are designed to protect individuals and organizations from cyber-crimes. The process of risk Management is an ongoing process. The business environment is constantly changing and new threats and vulnerabilities emerge every day. Future technological needs of the company is to reviews and identified as a part of the strategic plan. IT department reviewed policies in relation to business contingency plan on ICT, system licensing procedure etc.

Notes	Particulars	Amount in Taka	
		31-Dec-23	31-Dec-22
4.00	Cash		
	Cash in hand:		
	Local currency	34,709	31694
	Foreign currencies	-	-
		34,709	31694
	Balance with Bangladesh Bank and its agent Bank:		
	Local currency	184,825,728	210,920,299
	Foreign currencies	-	-
		184,825,728	210,920,299
		184,860,437	210,951,993

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. the note: 4.01.01 & 4.01.02.

4.01.01	Cash Reserve Requirement (CRR)		
	Required reserve	171,160,085	200,672,773
	Actual reserve held	184,825,728	210,920,299
	Surplus/(deficit)	13,665,643	10,247,525
4.01.02	Statutory Liquidity Reserve (SLR)		
	Required reserve	620,555,205	709,291,438
	Actual reserve held (including CRR)	709,202,985	970,859,590
	Surplus/(deficit)	88,647,780	261,568,153
5.00	Balance with banks and other financial institutions		
5.01	In Bangladesh		
	On current accounts (note: 5.01.01)	16,088,083	16,549,433
	On Short Term Deposit (STD) Accounts (note: 5.01.02)	507,556,813	723,331,972
	On Fixed Deposit Account (note: 5.01.03)	3,330,000,000	510,000,000
		3,853,644,896	1,249,881,404
	Outside Bangladesh	-	-
		3,853,644,896	1,249,881,404
5.01.01	On Current Accounts		
	AB Bank PLC	-	181,050
	Agrani Bank PLC	6,102,502	3,501,464
	Bank Asia Limited	9,000,943	6,383,232
	Janata Bank Limited	-	625
	EXIM Bank Limited	54,149	905,569
	National Bank Limited	10,150	5,333,526
	Woori Bank Limited	77,380	39,570
	Trust Bank Limited	-	10,220
	Mercantile Bank PLC	332,761	175,596
	United Commercial Bank PLC	510,198	18,580
		16,088,083	16,549,433

Notes	Particulars	Amount in Taka	
		31-Dec-23	31-Dec-22
5.01.02	On Short Term Deposit (STD) Accounts		
	Islami Bank Bangladesh PLC	11,340,085	1,862,136
	AB Bank PLC	263,327	441,572
	Commercial Bank of Ceylon PLC	2,803,974	3,166,649
	Dutch Bangla Bank PLC	2,378,121	1,230,085
	Bank Asia Limited	20,243,502	5,450,316
	Mutual Trust Bank PLC	583,468	3,606,872.27
	Eastern Bank PLC	17,115,674	2,641,922
	Exim Bank Limited	48,664,995	4,525,347
	Jamuna Bank PLC	78,126,292	18,878,684
	Jamuna Bank PLC (Unclaimed Dividend Account)	14,486	16,642
	National Bank Limited	5,492,045	2,340,131
	National Credit and Commerce Bank PLC	236,189	141,263,566
	NRB Bank Limited	7,833,815	1,310,456
	NRBC Bank PLC	91,915	494,810
	One Bank PLC	951,905	2,244,136
	Prime Bank PLC	2,257,475	156,405,565
	Premier Bank PLC	2,390,636	48,870
	Pubali Bank PLC	2,755,654	425,094
	Shahjalal Islami Bank PLC	11,518,861	270,552
	Social Islami Bank PLC	120,799	2,191,361
	Standard Bank Limited	816,210	5,537
	Standard Chartered Bank Limited	27,833	82,985
	Sonali Bank PLC	1,450,052	1,711,710
	SBAC Bank Limited	52,405	53,160
	Southeast Bank PLC	1,792,511	1,136,340
	Trust Bank Limited	56,174	48,808
	Dhaka Bank PLC	48,674,044	33,833,794
	Padma Bank Limited	50,763	51,915
	Uttara Bank PLC	1,276,473	29,890
	Bank Alfalah Limited	1,055,423	1,055,423
	Midland Bank Limited	7,507	17,147,842
	Mercantile Bank PLC	14,414,201	96,459,803
	Sub-Total	284,856,813	500,431,972
	Non-Bank Financial Institutions:		
	International Leasing and Financial Services Limited	150,200,000	150,400,000
	Premier leasing & Finance Limited	60,500,000	60,500,000
	Fareast Finance Limited	12,000,000	12,000,000
	Sub-Total	222,700,000	222,900,000
	Total Short Term Deposit (STD) Accounts	507,556,813	723,331,972
5.01.03	On Fixed Deposit Account		
	Dhaka Bank PLC	3,330,000,000	280,000,000
	IPDC Finance Limited	-	200,000,000
	Social Islami Bank PLC	-	30,000,000
		3,330,000,000	510,000,000

Notes	Particulars	Amount in Taka	
		31-Dec-23	31-Dec-22
5.02	Maturity Grouping of Balance with other Banks and Financial Institutions		
	On demand	300,944,896	516,981,404
	Up to 3 (three) months	222,700,000	410,000,000
	More than 3 (three) months but not more than 1 (one) year	3,330,000,000	322,900,000
	More than 1 (one) year but not more than 5 (five) years	-	-
	More than 5 (five) years	-	-
		3,853,644,896	1,249,881,404
6.00	Money at call and on short notice		
	Bank		
	National Credit and Commerce Bank Limited	-	600,000,000
	Sub-Total	-	600,000,000
7.00	Investments		
	Government securities	899,845,052	899,845,052
	Other investments (note: 7.01)	533,356,558	182,898,009
		1,433,201,610	1,082,743,061
7.01	Other Investments		
	Preference Shares (Union Capital)	3,059,496	3,059,496
	Investment in IPDC Finance 2nd Subordinated Bond	220,000,000	-
	Investment in EBL 3rd Subordinated Bond	50,000,000	-
	Ordinary Shares (note: 7.01.01)	260,297,062	179,838,513
		533,356,558	182,898,009

7.01.01 Investment in ordinary shares

Name of Company	Cost Price	Number of Shares	Cost Value	Market Price	Market Value as on 31.12.2023	Provision for diminution in value of share
Eastland Insurance Company Ltd.	39.60	535,000	21,188,631	24.40	13,054,000	8,134,631
Agro Organica PLC	10.00	3,695	36,950	17.60	65,032	(28,082)
Jamuna Bank Limited	20.64	217,000	4,479,016	20.90	4,535,300	(56,284)
BMSL National Housing Growth Fund	10.00	2,500,000	25,000,000	10.00	25,000,000	0
Square Pharmaceuticals Limited	213.68	584,279	124,846,965	210.30	122,873,874	1,973,091
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
LankaBangla Finance Limited	37.04	600,000	22,225,902	16.00	15,600,000	6,625,902
Asian Tiger Sandhani Life Growth Fund	12.49	1,050,000	13,112,379	10.20	10,710,000	2,402,379
Preference shares (Unquoted)	-	-	-	-	-	3,059,496
Total			260,297,062		232,065,206	31,291,353

Provision for diminution in value of share

Opening Balance	36,705,858	20,327,083
Charge /(recovery) during the year	(5,414,505)	16,378,775
Balance as on December 31	31,291,353	36,705,858

Notes	Particulars	Amount in Taka	
		31-Dec-23	31-Dec-22
7.01.02	Maturity-wise Grouping		
	On demand	533,356,558	182,898,009
	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	899,845,052
		1,433,201,610	1,082,743,061
8.00	Loans and advances		
	Mortgage loans	13,564,440,256	13,618,111,185
	Lease finance	43,835,611	46,055,201
	Term loans	104,596,824	108,448,341
	Small & Medium Enterprises Loan	479,833,429	564,325,354
	Loan Against Fixed Deposits	97,232,135	27,740,811
	Staff loan (note: 8.05)	38,874,159	28,737,659
		14,328,812,414	14,393,418,552
8.01	Maturity-wise Grouping of loans and advances		
	Up to 1 (one) months	376,224,314	324,939,656
	Up to 3 (three) months	9,799,090	20,535,119
	More than 3 (three) months but not more than 1 (one) year	115,090,113	231,913,210
	More than 1 (one) year but not more than 5 (five) years	1,481,722,682	2,108,702,237
	More than 5 (five) years	12,345,976,216	11,707,328,330
		14,328,812,414	14,393,418,552
8.02	Loans, Advances and Leases		
	In Bangladesh		
	Loans	14,284,976,803	14,347,363,351
	Leases	43,835,611	46,055,201
	Overdraft	-	-
	Cash Credit	-	-
		14,328,812,414	14,393,418,552
	Outside Bangladesh	-	-
		14,328,812,414	14,393,418,552
8.03	Geographical Location-wise Grouping		
	In Bangladesh		
	Dhaka division	10,996,818,739	11,093,117,395
	Chattogram division	1,217,292,605	1,136,000,179
	Khulna division	9,130,295	-
	Sylhet division	-	-
	Barisal division	-	-
	Rangpur division	670,062,404	686,340,034
	Rajshahi division	1,435,508,371	1,477,960,945
		14,328,812,414	14,393,418,552
	Outside Bangladesh	-	-
		14,328,812,414	14,393,418,552

Notes	Particulars	Amount in Taka	
		31-Dec-23	31-Dec-22
8.04	Significant Concentration-wise Grouping		
	Directors & their related parties (Note: 53.00)	-	-
	Staff:		
	Managing Director	-	-
	Senior Executives	38,874,159	28,737,659
	Others	97,232,135	27,740,811
		136,106,294	56,478,470
	Industries:		
	Agricultural loan	120,669,369	123,281,424
	Large and medium enterprises	479,833,429	564,325,354
	Small and cottage	27,763,066	31,222,118
		628,265,864	718,828,896
	Mortgage Loan		
	Home mortgage loan	11,795,784,928	11,691,120,381
	Commercial mortgage loan	1,501,465,165	1,604,400,114
	Project mortgage loan	267,190,163	322,590,690
		13,564,440,256	13,618,111,185
	Trade & commercial	-	-
		14,328,812,414	14,393,418,552
8.05	Staff Loan		
	Personal loan	26,962,933	22,394,283
	Car loan	11,911,226	6,343,376
		38,874,159	28,737,659
8.06	Details of Large Loan		
	As at 31 December 2023 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 2,361.93 million and Taka 2,404.19 million respectively as at 2023 & 2022 respectively (note: 15.05).		
8.07	Grouping as per Classification Rules		
	Unclassified:		
	Standard	12,747,754,424	13,100,048,838
	Special Mention Account	296,719,252	295,836,231
		13,044,473,676	13,395,885,069
	Classified:		
	Sub-standard	408,256,999	48,512,960
	Doubtful	116,463,956	311,654,003
	Bad/loss	759,617,783	637,366,520
		1,284,338,738	997,533,483
		14,328,812,414	14,393,418,552
8.08	Loan Type-wise Classified Loan		
	Mortgage loans	947,406,337	583,400,526
	Lease finance	34,734,213	34,612,672
	Term Finance	51,568,171	66,745,856
	Small & Medium Enterprises	250,630,017	312,774,429
		1,284,338,738	997,533,483

Notes	Particulars	Amount in Taka	
		31-Dec-23	31-Dec-22
8.09	Sector-wise Allocation of Loans, Advances and Leases		
	Government		
	Private:		
	Mortgage loan	12,056,681,290	12,013,711,071
	Industry	43,835,611	46,055,201
	Term Finance	104,596,824	108,448,341
	Commercial loan	1,507,758,966	1,604,400,114
	SME Loan	479,833,429	564,325,354
	Miscellaneous	136,106,294	56,478,470
		14,328,812,414	14,393,418,552
8.10	Securities Against Loans, Advances and Leases		
	Collateral of moveable/immoveable assets	14,192,706,120	14,336,940,082
	Fixed Deposit Receipts (FDR)	97,232,135	27,740,811
	Fixed Deposit of other banks	-	-
	Personal guarantee	38,874,159	28,737,659
	Others	-	-
		14,328,812,414	14,393,418,552

8.11 Particulars of Required Provision for Loans, Advances and Leases

Status	Outstanding Loans, Advances and Leases as at 31.12.2023	Base for Provision	Rate of Required Provision	Required Provision	Required Provision
For Loans, Advances and Leases:					
Unclassified-General Provision:					
All unclassified Loans	12,601,612,179	12,832,063,244	1.00%	161,070,691	128,672,969
Unclassified SME loan	146,142,245	146,142,245	0.25%	365,356	2,393,209
Special Mention Account (SMA)	296,719,252	339,775,616	5.00%	13,275,203	13,465,661
Sub-total:	13,044,473,676	13,317,981,105		174,711,250	144,531,839
Classified-Specific Provision:					
Sub-standard	408,256,999	84,517,056	20.00%	16,903,414	2,336,164
Doubtful	116,463,956	27,652,230	50.00%	13,826,118	39,185,889
Bad/Loss	759,617,783	161,117,981	100.00%	161,117,981	153,537,968
Sub-total:	1,284,338,738	273,287,267		191,847,513	195,060,021
Grand-total:	14,328,812,414	13,591,268,372		366,558,763	339,591,860

8.12 Particulars of Loans, Advances and Leases

Loans considered good in respect of which the Company is fully secured	14,289,938,255	14,364,680,893
Loans considered good against which the Company holds no security other than debtors' personal guarantee	26,962,933	22,394,283
Loans considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors	11,911,226	6,343,376
Loans adversely classified-no provision not maintained there against	-	-
	14,328,812,414	14,393,418,552

Notes	Particulars	Amount in Taka	
		31-Dec-23	31-Dec-22
	Loans due by directors or officers of the bank or any of them either separately or jointly with any other persons	38,874,159	28,737,659
	Loans due from companies or firms in which the directors or officers of the Company have interest as directors, partners or managing agents or, in case of private companies, as members	-	-
	Maximum total amount of advance, including temporary advance made at any time during the year to directors or managers or officers of the Company or any of them either separately or jointly with any other person	-	-
	Maximum total amount of advance, including temporary advances granted during the year to companies or firms in which the directors of the Company are interested as directors, partners or managing agents or, in case of private companies, as members.	-	-
	Due from banks/financial institutions	-	-
	Classified loans, advances and leases:		
	a) Classified loans, advances and leases on which interest has not been charged (Note-8.07)	759,617,783	637,366,520
	b) Loans written off	-	-
	c) Realized from previous written off	-	-
	d) Provision on bad loans, advances and leases	191,847,513	195,060,021
	e) Interest credited to the interest suspense account (Note-14.05)	404,699,177	323,122,361
	f) Cumulative amount of the written off loans/Leases:		
	Opening balance	303,396,802	316,136,785
	Amount written off during the year	111,072,482	-
	Cumulative to date	414,469,284	316,136,785
	Recovery from write-off	(933,600)	(12,739,983)
	Written off loans for which law suit filed	413,535,684	303,396,802
8.13	The directors of the Company have not taken any loan from National Housing Finance during the year or there is no outstanding loan balances with any directors of the company.		
9.00	Fixed assets including premises, furniture and fixtures for 2023		
	Cost		
	Opening balance	432,233,079	435,451,486
	Add: Addition during the year (Annexure - A)	3,004,749	4,734,278
		435,237,828	440,185,764
	Less: Disposed during the year (Annexure-A)	-	(7,952,685)
	Balance as on 31.12.2023	435,237,828	432,233,079
	Less: Accumulated depreciation (9.02)	(149,866,452)	(134,119,946)
	Written down value as on 31.12.2023	285,371,376	298,113,133
9.02	Accumulated depreciation		
	Opening balance	134,119,946	123,899,677
	Add: Depreciation charged during the year	15,746,506	17,482,290
		149,866,452	141,381,967
	Less: Adjustment during the year	-	(7,262,021)
	Balance as on 31.12.2023	149,866,452	134,119,946

For details please refer to Annexure - A

Notes	Particulars	Amount in Taka	
		31-Dec-23	31-Dec-22
10.00	Other assets		
	Income Generating Other Assets:	-	-
	Non-income Generating Other Assets:		
	Security deposits	572,000	572,000
	Advance income tax (note: 10.01)	303,708,308	336,197,583
	Advance against Islamic wings	165,000	-
	Advance against office rent (note: 10.04)	-	-
	Deferred tax assets (note: 10.03)	21,030,488	
	Stamp & Security Paper	264,494	351,030
	Other receivables (note: 10.02)	134,196,254	229,509,163
		459,936,545	566,629,776
10.01	Advance Income Tax		
	Balance as at 1st January	336,197,583	320,374,157
	Add: Advance tax for the year:		
	Tax paid during the year	130,634,875	154,922,820
	Tax deducted at source	23,013,195	13,409,799
	Less: Adjusted against tax provision for the year 2018 & 2021	(186,137,344)	(152,509,194)
		(32,489,274)	15,823,425
	Balance as at 31 December	303,708,308	336,197,583
10.02	Other Receivables		
	Cheque dishonored charges	111,270	152,213
	Accounts receivable	93,213,430	90,044,256
	Advance against Profit First Term Deposit	-	101,164,213
	Advance against Zero Coupon Bond	3,904,000	-
	Interest on bank deposits	16,245,392	18,596,364
	Receivable from Multi Securities	4,420	4,870
	Receivable from ETBL Securities	99,666	101,126
	Receivable from UFT Co. Ltd	45,671	471,109
	Legal charges receivable	20,171,829	18,373,037
	Others	400,577	601,976
		134,196,254	229,509,163
10.03	Deferred tax assets		
	Balance as at 1st January	(9,197,074)	-
	Add: Addition during the year (note: 10.03(a))	30,227,562	-
		21,030,488	-
10.03(a)	Calculation of deferred tax		
	Carrying amount of Fixed Assets (excluding land)	220,151,383	-
	Tax base value of Fixed Assets	276,232,686	-
	Deductible temporary difference	56,081,303	-
	Applicable tax rate	37.50%	-
	Deferred tax assets on fixed assets	21,030,488	-
	Deferred tax assets/(liability) at the beginning of year	(9,197,074)	-
	Deferred tax income/(Expenses)	30,227,562	-
11.00	Non-banking assets	-	-

Notes	Particulars	Amount in Taka	
		31-Dec-23	31-Dec-22
12.00	Borrowing from banks, other financial institutions and agents Secured In Bangladesh:		
	Secured Overdraft		
	Banking companies:		
	Eastern Bank PLC	223,803,580	16,479,629
	Mercantile Bank PLC	1,245,711	99,283,162
	Pubali Bank PLC	110,471,870	67,939,347
	Mutual Trust Bank PLC	1,421,741	58,916
		336,942,901	183,761,054
	Non-banking financial institution	-	-
		336,942,901	183,761,054
	Outside Bangladesh	-	-
	Sub-total:	336,942,901	183,761,054
	Term Loan :		
	Banking companies:		
	Agrani Bank PLC	148,408,939	179,973,362
	Woori Bank Limited	162,000,000	162,000,000
	Pubali Bank PLC	237,056,269	287,520,000
	NCC Bank PLC	-	300,000,000
	Eastern Bank PLC	344,327,636	17,328,395
		891,792,844	946,821,757
	Non-banking financial institution	-	-
		891,792,844	946,821,757
	Outside Bangladesh	-	-
	Sub-total:	891,792,844	946,821,757
	Bangladesh Bank Loan:		
	SME loan	41,459,286	10,380,000
	HML Refinance Scheme	102,429,472	127,770,687
	Secured loan from others	330,943,554	527,910,949
	Sub-total:	474,832,312	666,061,636
	Un-secured		
	Short term borrowing		
	Banking companies:		
	NCC Bank PLC:	-	300,000,000
	Alliance Finance PLC	-	50,000,000
		-	350,000,000
	Total:	1,703,568,057	2,146,644,446
12.01	Remaining Maturity Grouping of Borrowing		
	Payable on demand	-	-
	Up to 1 (one) month	667,886,455	1,161,258,602
	Over 1 (one) month to 3 (three) months	-	-
	Over 3 (three) months to 1 (one) year	891,792,844	985,385,844
	Over 1 (one) year to 5 (five) years	143,888,758	-
	More than 5 (five) years	-	-
		1,703,568,057	2,146,644,446

Notes	Particulars	Amount in Taka	
		31-Dec-23	31-Dec-22
13.00	Deposits and other accounts		
	Bank Term deposits	3,370,000,000	100,000,000
	Customer deposits	11,726,192,883	12,369,335,605
	Other deposits (note: 13.02)	2,700,128	2,855,228
		15,098,893,011	12,472,190,833
13.01	Remaining Maturity Grouping of Deposits and Other Accounts		
	Payable on demand	7,145,526	15,327,817
	Within 1 (one) month	1,058,098,366	276,459,586
	Over 1 (one) month to 6 (six) months	2,892,735,560	7,094,178,382
	Over 6 (six) months to 1 (one) year	7,285,732,043	4,276,726,272
	Over 1 (one) year to 5 (five) years	3,736,939,996	684,100,318
	Over 5 (five) years to 10 (ten) years	113,863,689	125,398,457
	More than 10 (ten) years	4,377,831	-
		15,098,893,011	12,472,190,833
13.02	Other Deposits		
	Home mortgage loan deposit	490,354	490,354
	Margin deposit	634,240	687,760
	Refundable share money deposit	-	-
	Lease deposit	1,575,534	1,677,114
		2,700,128	2,855,228
14.00	Other liabilities		
	Provision for loans, advances ,investments and others (note: 14.01 to 14.04)	408,217,880	385,768,426
	Interest suspense (note: 14.05)	404,699,177	323,122,361
	Provision for gratuity (note: 14.06)	-	8,123,227
	Withholding tax payable	1,223,153	1,593,488
	VAT & Excise duty payable	733,497	491,753
	Provision for current tax (note: 14.07)	290,214,247	431,333,416
	Provision for deferred tax (note: 14.09)	-	9,197,074
	Interest payable (note: 14.11)	382,920,637	325,345,399
	Accrued expenses (note: 14.10)	345,000	345,000
	Unclaimed dividend (note: 14.12)	3,980,959	3,795,287
	Lease liabilities (note: 14.13)	3,243,797	3,405,088
	Accounts Payable	14,707,738	9,426,821
	Sundry deposit	18,166,251	11,128,202
	Sundry liabilities	-	-
		1,528,452,336	1,513,075,542
14.01	Specific Provision on Loans, Advances		
	Balance as at 1st January	212,149,285	181,541,849
	Less: Fully provided debt written off	(86,343,555)	-
	Provision after written off	125,805,730	181,541,849
	Add: Provision made during the year	89,639,118	30,607,437
	Less: Provision recovered	(25,359,771)	(12,739,984)
	Net charge in the profit & loss account	64,279,347	17,867,453
	Add: Recovery of amount previously written off	933,600	12,739,983
	Less: Written off of provision no longer required	-	-
	Provisions held at 31 December	191,018,677	212,149,285

Notes	Particulars	Amount in Taka	
		31-Dec-23	31-Dec-22
14.02	General Provision on Loans, Advances and Leases		
	Balance as at 1st January	127,442,575	175,001,378
	Add: Provision made during the year	48,097,511	-
	Less: Provision recovered	-	(47,558,803)
	Net charge in the profit & loss account	48,097,511	(47,558,803)
	Balance as at 31 December	175,540,086	127,442,575
14.03	Provision on investments in share		
	Balance as at 1st January	36,705,859	20,327,084
	Add: Provision made during the year	-	18,378,775
	Less: Provision recovered	(5,414,505)	(2,000,000)
	Net charge in the profit & loss account	(5,414,505)	16,378,775
	Balance as at 31 December	31,291,354	36,705,859
14.04	Provision on others		
	Balance as at 1st January	9,470,708	8,413,257
	Add: Provision made during the year	3,183,845	1,097,993
	Less: Provision recovered	(40,029)	(40,542)
	Net charge in the profit & loss account	3,143,816	1,057,451
		12,614,524	9,470,708
	Less: Fully provided debt written off	(2,246,761)	-
	Provisions held at 31 December	10,367,763	9,470,708
14.05	Interest Suspense Account		
	Balance as at 1st January	323,122,361	306,727,246
	Add: Interest suspense charged during the year	1,265,626,403	293,997,292
	Less: Interest suspense realized during the year	(1,161,567,421)	(277,602,177)
	Net charge in the profit & loss account	104,058,982	16,395,115
		427,181,343	323,122,361
	Less: Interest reversed due to written off loans	(22,482,166)	-
	Balance as at 31 December	404,699,177	323,122,361

Interest suspense amount includes reserve amount of Tk. 120,834,190.07 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 PLC has written-off its loans/leases as under:

(Figures in Taka)

Balance at 1st January	303,396,802	316,136,785
Net loans/leases written-off during the year	111,072,482	-
No. of agreements written-off	23	23
No. of clients written-off	18	18
Interest suspense against written-off loans/leases	(22,482,166)	-
Provision adjusted against written-off loans/leases	(88,590,316)	-
Recovery of loans/leases write-off loans/leases	933,600	12,739,983
Balance of loans/leases written-off at 31 December 2022	413,535,684	303,396,802

Notes	Particulars	Amount in Taka	
		31-Dec-23	31-Dec-22
14.06	Provision for Gratuity		
	Balance as at 1st January	8,123,227	-
	Add: Provision made during the year	13,116,303	8,815,744
	Less: Payment made during the year	(21,239,530)	(692,517)
	Less: Provision written back during the year	-	-
	Balance as at 31 December	-	8,123,227
14.07	Provision for Current Tax		
	Balance as at 1st January	431,333,416	443,566,929
	Add: Provision made during the year	45,018,175	140,518,068
	Less: Payment made during the year	-	(242,387)
	Less: Provision written back during the year	(186,137,344)	(152,509,194)
	Balance as at 31 December	290,214,247	431,333,416
14.07.01	Provision made during the year		
	Provisions for current tax has been made on the basis of the profit for the year as adjusted for taxation purposes in accordance with the provisions of Income Tax Ordinance, 1984 and amendments made thereto. The current tax rate for the Company is 37.50% on taxable income.		
14.08	Provision for taxation Net Charged for in the Profit & Loss Account		
	Current tax (note: 14.07)	45,018,175	140,275,681
	Add/ (less): Deferred tax	-	4,881,546
		45,018,175	145,157,227
14.08.01	Average effective tax rates		
	The average effective tax rate is calculated below as per International Accounting Standard (IAS) 12: "Income Taxes".		
	Tax expenses (A)	14,790,613	145,157,227
	Accounting profit before tax (B)	135,424,190	408,297,177
	Average effective tax rate (A÷B)	10.92%	35.55%
14.08.02	Reconciliation of effective tax rate:		
	Tax using the company's tax rate	37.50%	37.50%
	Tax effect of:		
	Provision for non-deductible expenses	0.00%	-1.88%
	Adjustment/provision released during the year	2.26%	-0.29%
	Recovery from business write-off	0.26%	0.00%
	Capital gain from sale of Govt. Securities	0.00%	0.00%
	Other components of tax as per ITO 1984	-28.38%	0.34%
	Difference between accounting and tax depreciation.	-0.71%	-0.13%
	Effective tax rate	10.92%	35.55%
14.09	Deferred tax liability		
	Balance as at 1st January	-	4,315,528
	Deferred tax income/(Expenses)	-	4,881,546
		-	9,197,074

Notes	Particulars	Amount in Taka	
		31-Dec-23	31-Dec-22
14.09.01	Calculation of deferred tax		
	Carrying amount of Fixed Assets (excluding land)	-	232,893,140
	Tax base value of Fixed Assets	-	208,367,611
	Taxable temporary difference	-	24,525,529
	Applicable tax rate	-	37.50%
	Deferred tax assets on fixed assets	-	9,197,074
14.10	Accrued Expenses		
	Promotion and publicity	-	-
	Audit fees	345,000	345,000
	Sundry creditors	-	-
		345,000	345,000
14.11	Interest payable		
	Opening balance	325,345,399	392,681,637
	Add: Interest charge during the year	57,575,239	879,830,945
	Less : Interest paid during the year	-	(947,167,183)
		382,920,637	325,345,399
14.12	Unclaim dividend		
	Opening balance	3,795,287	3,854,342
	Add: Dividend declared	175,546,800	175,546,800
	Less : Adjustment for the year	(175,361,128)	(175,605,855)
		3,980,959	3,795,287
14.13	Lease Liability		
	Opening balance	3,405,088	4,208,499
	Add: Lease liability during the year	-	898,482
	Less: Lease liability adjustment during the year	(161,291)	(1,701,893)
		3,243,797	3,405,088
	Movement of lease liabilities has been included due to implementation of IFRS-16 Leases (office rent).		
15.00	Share Capital		
15.01	Authorized Capital:		
	200,000,000 ordinary shares of Tk.10 each	2,000,000,000	2000,000,000
15.02	Issued, Subscribed and fully Paid-up Capital:		
	117,031,200 ordinary shares of Tk.10 each	1,170,312,000	1,170,312,000
	% of holding:	% of holding	% of holding
	Sponsors	59.90%	62.21%
	General public	40.10%	37.79%
		100.00%	100.00%
	Number of holding:		
	Sponsors	70,107,361	72,807,361
	General public	46,923,839	44,223,839
		117,031,200	117,031,200

Notes	Particulars	Amount in Taka	
		31-Dec-23	31-Dec-22

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	3448	630,538	0.54%
501 to 5,000	3878	7,287,487	6.23%
5,001 to 10,000	629	4,876,187	4.17%
10,001 to 20,000	382	5,729,412	4.90%
20,001 to 30,000	128	3,188,945	2.72%
30,001 to 40,000	48	1,703,001	1.46%
40,001 to 50,000	32	1,472,004	1.26%
50,001 to 100,000	50	3,689,362	3.15%
100,001 to 1,000,000	57	13,477,863	11.52%
Above 1,000,000	17	74,976,401	64.07%
Total:	8669	117,031,200	100.00%

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

15.04 Capital Requirement

As per the Section 4(GHA) of the Financial Institutions Rule, 1994 and subsequently updated vide DFIM circular no. 05 dated July 24, 2011 of Bangladesh Bank, an NBFi requires to have Tk.100 crore as its minimum capital which shall be deemed to be adequate capital. When the core capital equals or exceeds its minimum capital then the capital shall be treated as adequate capital of NBFi. Core capital consists of paid-up capital, retained earnings, statutory reserve and balance of current year's profit but in case of total capital it includes core capital plus general provision on good loans/leases. Status of the capital has given below:

Core capital (paid-up capital, retained earnings & statutory reserve etc.)	2,214,913,874	2,269,827,097
Less: Required minimum capital	(1,000,000,000)	(1,000,000,000)
Surplus over minimum required capital	1,214,913,874	1,269,827,097
Core capital (paid-up capital, retained earnings & statutory reserve etc.)	2,214,913,874	2,269,827,097
Add: Provision on good loan/leases	175,540,086	127,442,575
Total capital	2,390,453,960	2,397,269,672
Less: Required minimum capital	(1,000,000,000)	(1,000,000,000)
	1,390,453,960	1,397,269,672

15.05 Capital Adequacy Ratio-As per BASEL-II

1. Tier-1 (Core Capital)		
1.1 Fully Paid-up Capital/Capital Deposited with BB	1,170,312,000	1,170,312,000
1.2 Statutory Reserve	707,191,873	683,065,157
1.3 Non-repayable share premium account	-	-
1.4 General Reserve	-	-
1.5 Retained Earnings	337,410,001	416,449,939
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)	2,214,913,874	2,269,827,097

Notes	Particulars	Amount in Taka	
		31-Dec-23	31-Dec-22
15.05	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)	2,214,913,874	2,269,827,097
2	Tier-2 (Supplementary Capital)		
	2.1 General Provision (Unclassified loans up to specified limit + SMA + off Balance Sheet exposure)	163,712,248	134,361,711
	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)	163,712,248	134,361,711
	2.8 Applicable Deductions if any	-	-
	2.9 Total Eligible Tire-2 Capital (2.7-2.8)	163,712,248	134,361,711
	Total Capital	2,378,626,122	2,404,188,807
	Total risk weighted assets	14,533,779,837	12,085,186,848
	Required minimum capital 10% of RWA or Tk. 100.00 crore, which is higher.	1,453,377,984	1,208,518,685
	Surplus	925,248,138	1,195,670,123
	Capital Adequacy Ratio	16.37%	19.89%
16.00	Statutory reserve		
	Balance as at 1st January	683,065,157	630,437,167
	Reserve made during the year (note-16.01)	24,126,715	52,627,990
	Balance as at 31 December	707,191,873	683,065,157
16.01	Reserve made during the year *		
	Net Profit/(loss) after taxation	120,633,577	263,139,949
	Applicable Rate	20%	20%
		24,126,715	52,627,990

*In compliance with the clause no 6 of Financial Institutions Regulations, 1994, Financial Institution is required to transfer at least 20% of it's 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.

Notes	Particulars	Amount in Taka	
		31-Dec-23	31-Dec-22
17.00	Retained earnings		
	Balance as at 1st January	416,449,939	381,484,780
	Add: Net profit after tax for the year	120,633,577	263,139,949
		537,083,517	644,624,729
	Less: Allocations:		
	Transferred to statutory reserve	(24,126,715)	(52,627,990)
	Dividend 2022	(175,546,800)	(175,546,800)
		(199,673,515)	(228,174,790)
	Balance as at 31 December	337,410,001	416,449,939
18.00	Income statement		
	Income:		
	Interest, discount and other similar income (note: 19.00)	1,454,168,287	1,456,285,526
	Dividend income (note: 21.00)	5,921,307	5,467,587
	Fees, commission & brokerage (note: 22.00)	1,000	500
	Gains less losses arising from investment in securities(note: 21.03)	1,018,065	3,420,822
	Other operating income (note: 23.00)	10,080,435	15,641,081
		1,471,189,094	1,480,815,515
	Expenses:		
	Interest on borrowing, fees and commission (note: 20.00)	1,056,696,538	917,614,244
	Losses on loan, advances and leases (note: 31.00)	112,376,858	(29,691,350)
	Administrative expenses	194,167,803	180,791,415
	Other operating expenses (note: 30.00)	19,586,967	16,542,643
	Depreciation on banking assets (note: 29.00)	16,156,957	18,023,720
		1,398,985,123	1,103,280,671
		72,203,971	377,534,844
19.00	Interest income		
	Interest on mortgage loan:		
	Home mortgage loan	1,146,751,621	1,190,199,740
	Commercial mortgage loan	148,706,755	154,611,157
	Project mortgage loan	30,892,872	23,520,371
		1,326,351,248	1,368,331,268
	Interest on lease finance:		
	Industrial equipment	713,131	612,992
	Vehicles	271,691	302,280
	Delinquent interest	-	-
	Interest on term finance	39,271,612	33,456,166
		40,256,434	34,371,438
	Interest on fixed deposits	75,083,738	40,259,958
	Interest on short term deposit	1,899,928	8,863,373
	Interest on loan against FDR	3,841,834	2,470,293
	Interest on staff loan	6,735,106	1,989,196
		1,454,168,287	1,456,285,526
20.00	Interest paid on deposits, borrowings etc.		
	Interest paid on deposits, borrowings (Note-20.01)	1,056,696,538	917,614,244
	Interest Expenses-Lease Liability (Note-20.02)	290,074	361,375
		1,056,986,612	917,975,619

Notes	Particulars	Amount in Taka	
		31-Dec-23	31-Dec-22
20.01	Interest paid on deposits, borrowings		
	Call money interest	330,556	10,162,319
	Secured overdraft interest	12,358,250	6,143,656
	Term deposit interest	52,432,725	6,367,708
	Term loan interest	84,864,838	38,336,638
	Customer Deposit Int. - Kotipoti Scheme	1,145,631	1,050,918
	Customer Deposit Int. - Education Pension Scheme	58,189	58,252
	Customer Deposit Int. - Housing Deposit Scheme	282,591	198,965
	Customer Deposit Int. - Mohila Savings Scheme	144,323	293,690
	Customer Deposit Int. - Money Multiplier Scheme	15,298,028	14,038,590
	Customer deposit interest - Term Deposit	718,369,868	697,432,277
	Customer deposit interest - Income Account	20,455,498	47,935,510
	Customer deposit interest - Double Money Account	4,848,308	6,551,712
	Customer deposit interest - Triple Money Account	7,260,418	7,608,214
	Customer deposit interest-MSS	1,744,344	1,927,911
	Customer deposit interest-MLNR	9,996,750	10,887,332
	Interest Expense on Term Deposit Profit First	101,152,838	42,089,104
	Interest expenses on treasury bond	-	3,569,613
	Interest expenses on Repo	21,230,566	16,617,274
	HML refinance interest	4,137,374	5,527,096
	SME loan interest	585,443	817,464
		1,056,696,538	917,614,244
20.02	Interest Expenses-Lease Liability	290,074	361,375
21.00	Investment Income		
	Dividend Income (note- 21.01)	5,921,307	5,467,587
	Interest income from treasury bond (note-21.02)	70,358,342	57,627,014
	Capital gain on sale of Govt. Treasury Bond	-	-
	Gains /losses from sale of shares (note-21.03)	1,018,065	3,420,822
		77,297,714	66,515,423
21.01	Dividend Income *		
	Dividend on ordinary shares	5,921,307	5,467,587
	Dividend on preference shares	-	-
		5,921,307	5,467,587
21.02	Interest income from treasury bond		
	Interest income from treasury bond	65,493,994	57,627,014
	Income from investment in bonds	4,864,348	-
		70,358,342	57,627,014
21.03	Gains /losses from sale of shares*		
	Gain on sale of shares	1,178,703	4,172,752
	Loss on sale of shares	(160,639)	(751,930)
		1,018,065	3,420,822

*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

Notes	Particulars	Amount in Taka	
		31-Dec-23	31-Dec-22
22.00	Commission, exchange and brokerage		
	Fees	1,000	500
		1,000	500
23.00	Other operating income		
	Application, processing and documentation fees	9,859,295	15,138,098
	Delinquent charge-MSS,MLNR etc.	7,682	1,480
	Interest on call Money lending	-	-
	Other income	213,458	501,503
		10,080,435	15,641,081
24.00	Administrative expenses		
24.01	Directors' fees and expenses		
	This represents fees paid for attending board meetings and other committee meetings @ Tk. 8,000/- per attendance per person.	1,408,000	1,610,400
		1,408,000	1,610,400
24.02	Salaries and allowances		
	Salary & allowances (note: 24.02.01)	123,279,871	116,845,143
	Provident fund contribution	6,350,403	6,036,242
	Gratuity	13,116,303	8,815,744
	Bonus	12,689,382	12,479,667
		155,435,959	144,176,796
24.02.01	Salary & allowances		
	This includes managerial remuneration of Taka 139.89 million and balance amount Taka 15.55 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 2023 & 2022 respectively.		
24.03	Rent, taxes, insurance, electricity etc.		
	Office maintenance	2,487,318	2,188,372
	Office rent	6,222,309	5,104,124
	Security Guard	1,151,113	1,079,503
	City corporation Taxes	133,808	712,800
	Electricity	3,281,026	2,796,686
	Utilities	309,944	271,342
	Membership fees	1,916,124	1,492,124
	Subscription & Donation	181,688	89,081
	CSR activities	75,000	25,000
	Legal and professional	755,125	282,639
	Insurance (note: 24.03.01)	971,845	912,642
		17,485,300	14,954,313
24.03.01	Insurance		
	Taka 971,845 being premium paid for insurance coverage against damages/loss of the Company's fixed assets by fire, earthquake etc.		
24.04	Legal expenses		
	Legal charges	-	-
		-	-
25.00	Postage, stamps, telecommunication etc.		
	Courier	102,275	69,073
	Postage	45,916	90,857
	Stamps & security paper	-	-
	Telephone, fax & e-mail	2,685,117	2,396,629
		2,833,308	2,556,559

Notes	Particulars	Amount in Taka	
		31-Dec-23	31-Dec-22
26.00	Stationary, printing, advertisement etc.		
	Printing	1,343,601	1,952,914
	Stationery	1,016,502	1,176,087
	Business Commission	2,076,523	3,165,534
	Promotion & publicity	5,543,610	3,993,812
		9,980,236	10,288,347
27.00	Managing Director's salary and fees		
	Salary & allowances	6,080,000	6,260,000
	Bonus	600,000	600,000
		6,680,000	6,860,000
28.00	Auditors' fees	345,000	345,000
29.00	Depreciation on and repairs to assets		
	Depreciation:		
	Building	695,412	573,434
	Newly acquired Building	5,286,399	5,649,142
	Furniture	2,265,711	2,476,059
	Office equipment	3,470,930	4,060,535
	Intangible Assets	2,100,000	2,100,000
	Right-of-Use Asset for Lease Rent	1,419,346	1,987,235
	Motor vehicle	508,708	635,885
		15,746,506	17,482,290
	Repair and maintenance	410,451	541,430
		16,156,957	18,023,720
	Movement of depreciation and repair of assets (Right use of lease assets) have been included due to implementation of IFRS-16 Leases (office rent).		
30.00	Other expenses		
	Traveling expenses	81,831	227,414
	Conveyance bill	4,104,601	3,199,132
	Training	117,222	193,647
	Bank charges and excise duty	2,575,869	2,785,742
	Books, periodicals and others	-	-
	Office refreshments	2,208,625	1,888,241
	Motor car	7,528,482	5,480,641
	Office general expenses	1,333,682	1,311,696
	AGM Expenses	207,815	98,795
	Software Maintenance Charge	1,000,000	1,000,000
	Trade License Fees	225,715	175,235
	Computer Software Expenses	157,500	152,250
	Investment expenses share	45,626	29,850
		19,586,967	16,542,643
31.00	Provisions for loan and advances		
	For classified loans, advances and leases	64,279,347	17,867,453
	For unclassified loans, advances and leases	48,097,511	(47,558,803)
		112,376,858	(29,691,350)
31.01	Provision for investments		
	Made during the year	-	18,378,775
	Recovery during the year	(5,414,505)	(2,000,000)
		(5,414,505)	16,378,775

Notes	Particulars	Amount in Taka	
		31-Dec-23	31-Dec-22
31.02	Others		
	Provisions for legal charges	3,144,109	1,063,138
	Provisions for other (salary) charges	9,118,738	9,067,081
	Provisions for cheque dishonored & clearing charges	(292)	(5,686)
		12,262,554	10,124,532
32.00	Earnings per share		
	a) Earnings attributable to the ordinary shareholders(Taka)	120,633,577	263,139,949
	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)	1.03	2.25
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 2023 as per IAS-33" Earnings Per Share". No diluted EPS was required to be calculated for the year since there was no scope for dilution of shares during the year.			
33.00	Interest receipts in cash		
	Interest income from loans, advances & leases	1,454,168,287	1,456,285,526
	(Increase)/decrease in interest receivable on loans, advances and leases	-	-
	(Increase)/decrease in other receivable	2,350,972	25,706,559
		1,456,519,260	1,481,992,085
34.00	Interest payments		
	Total interest expenses (note: 20.00)	1,056,696,538	917,614,244
	Add: Opening balance of interest payable	325,345,399	392,681,637
	Less: Closing balance of interest payable	(382,920,637)	(325,345,399)
		999,121,299	984,950,482
35.00	Fees and commissions receipts in cash		
	Fees, commission and brokerage (note: 22.00)	1,000	500
	Add: Opening balance of fees, commission and brokerage	-	-
	Less: Closing balance of fees, commission and brokerage	-	-
		1,000	500
36.00	Cash payments to employees		
	Staff salaries and allowances (note: 24.02)	155,435,959	144,176,796
	Managing Director's salaries and allowances (note: 27.00)	6,680,000	6,860,000
	Add: Opening balance of staff dues	9,426,821	11,114,337
	Less: Closing balance of staff dues	(14,707,738)	(9,426,821)
		156,835,042	152,724,312
37.00	Cash payments to suppliers		
	Printing, stationary and advertisement etc. (note: 26.00)	9,980,236	10,288,347
	Postage, stamps, telecommunication etc. (note: 25.00)	2,833,308	2,556,559
	Repair & maintenance (note: 29.00)	410,451	541,430
	Add: Opening balance of suppliers dues	-	-
	Less: Closing balance of suppliers dues	-	-
		13,223,995	13,386,336
38.00	Receipts from other operating activities		
	Other operating income (note: 23.00)	10,080,435	15,641,081
	Profit on sale of share (note: 21.01)	1,178,703	4,172,752
	Loss on sale of share (note: 21.01)	(160,639)	(751,930)
		11,098,499	19,061,902

Notes	Particulars	Amount in Taka	
		31-Dec-23	31-Dec-22
39.00	Payments for other operating activities		
	Directors' fees	1,408,000	1,610,400
	Legal expenses	-	-
	Auditor's fees	345,000	345,000
	Office occupancy cost	9,860,740	8,371,999
	City Corporation Taxes	133,808	712,800
	Electricity	3,281,026	2,796,686
	Utilities	309,944	271,342
	Insurance	971,845	912,642
	Other expenses (note: 30.00)	19,586,967	16,542,643
	Add: Opening balance of outstanding payable	345,000	316,250
	Less: Closing balance of outstanding payable	(345,000)	(345,000)
		35,897,330	31,534,762
40.00	Increase/(Decrease) of other deposits		
	Closing balance:		
	Term deposits	15,096,192,883	12,469,335,605
	Other deposits	2,700,128	2,855,228
		15,098,893,011	12,472,190,833
	Opening balance:		
	Term deposits	12,469,335,605	14,417,204,471
	Other deposits	2,855,228	3,833,858
		12,472,190,833	14,421,038,329
		2,626,702,178	(1,948,847,496)
41.00	Sanction and disbursement		
	Sanction	2,471,558,000	3,595,775,000
	Disbursement	2,072,622,989	2,611,232,868
	Undisbursed	398,935,011	984,542,132
41.01	Contingent liabilities (Other Commitments)		
	Government	-	-
	Directors	-	-
	Bank and other Financial Institution	-	-
	Other	398,935,011	984,542,132
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 2023 the company disclosed undisbursed sanctioned loan amount Tk. 398,935,011/- as off balance sheet item under the head of other commitment.			
42.00	Net Asset Value (NAV) per Share		
	Net Asset (Total assets less total liabilities) (A)	2,214,913,874	2,269,827,097
	Total number of ordinary shares outstanding (B)	117,031,200	117,031,200
	Net Asset Value (NAV) per share (A ÷ B)	18.93	19.40
42.01	Net Operating Cash Flow Per Share (NOCFPS)		
	Net cash flow from operating activities (A)	2,949,758,424	(2,242,493,418)
	Total number of ordinary shares outstanding (B)	117,031,200	117,031,200
	Net operating cash flow from operating activities per share (A ÷ B)	25.20	(19.16)

*Increased of cash inflow from operating activities for the year ended 31 December 2023 was due to cash inflow from customer deposits. As a result, net operating cash flow per share (NOCFPS) at the period ended of 31 December, 2023 Increased compare to the year ended 31 December, 2022.

43.00 Audit committee of the board

The audit committee was formed by the Board of Directors of National Housing Finance PLC. 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	Dr. Khondaker Showkat Hossain	Director	Member	B.A (Hons), M.A (Bengali), Phd.
03	Mr. Md. Khaled Mamun	Director	Member	B.S.C (Hons), M.S.C (Math), Masters of Demography, FCII (UK).
04	Mr. Md. Kazim Uddin	Director	Member	MBA

The Audit Committee of the Board was duly constituted by the Board of Directors of the Company in accordance with DFIM Circular no. 01 issued on February 29, 2024 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:

Meetings held by the committee during the year by date:	Meeting no	Held no
	57th	13-Apr-23
	58th	11-May-23
	59th	25-July-23
	60th	19-Oct-23

4 (four) meetings of the audit committee were held during the year 2023 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, 2023 are furnished below:

SL	Details	2023	2022
01	Paid-up Capital	1,170,312,000	1,170,312,000
02	Total Capital	2,214,913,874	2,269,827,097
03	Capital surplus/(deficit)	1,214,913,874	1,269,827,097
04	Total assets	20,545,827,278	18,401,737,918
05	Total deposits	15,098,893,011	12,472,190,833
06	Total loans, advances, leases & Others	14,328,812,414	14,393,418,552
07	Total contingent liabilities and commitments	398,935,011	984,542,132
08	Credit deposit ratio	94.90%	115.40%
09	Loan to Fund ratio	75.35%	85.23%
10	% of Classified loans against total loans and advances	8.96%	6.93%
11	Profit after tax and provisions	120,633,577	263,139,949
12	Amount of classified loans during the year	1,284,338,738	997,533,483
13	Provisions kept against classified loans	191,847,513	195,060,021
14	Provisions surplus/(deficit)	-	-
15	Cost of fund	9.00%	7.82%
16	Interest earnings assets	19,800,519,357	17,536,995,009
17	Non-interest earnings assets	745,307,921	864,742,909
18	Return on investments (ROI)	4.11%	4.96%
19	Return on assets (ROA)	0.62%	1.40%
20	Income from investments	77,297,714	66,515,423
21	Weighted average earnings per share (restated)	1.03	2.25
22	Price earning ratio	40.50	18.57
23	Return on equity (ROE)	5.38%	11.82%
24	Net asset value per share (NAV)	18.93	19.40

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 2023.

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 257th Meeting held on 31 July, 2024 has recommended to the shareholders a cash dividend @ 10.00% i.e Taka 1.00 for every ordinary share (amounting to BDT 117,031,200) based on financial performance for the year ended 31 December, 2023. This will be considered for approval by the shareholders at the 25th Annual General Meeting (AGM) to be held on 25th September, 2024.

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, NHF 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 NHF	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
		Karnaphuli Fertilizer Co. Ltd. (KAFCO)	Director
Mr. Syed M. Altaf Hussain Representing Pragati Insurance Limited	Vice Chairman	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
Mr. Md. Kazim Uddin Representing National Life Insurance Co. Limited	Director	National Life Insurance Company Limited	Chief Executive Officer
Mr. Md. Khaled Mamun Representing Reliance Insurance Limited	Director	Reliance Insurance Limited	Chief Executive Officer
Dr. Khondaker Showkat Hossain Representing Borak Travels (Pvt.) Limited	Director	Borak Travels (Pvt.) Limited	Chief Consultant
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	Nominated Director
		Omera Fuels Ltd.	Nominated Director
		Omera Petroleum Ltd.	Nominated Director
		Omera Cylinders Ltd.	Nominated Director
		BRAC University	Founding Member, Trustee Board
		GSS Bangladesh	Chairman
		BIRDEM Hospital	Chairman, Management Board

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	(5,502,195)
National Life Insurance Co. Limited (Sponsor Director)	Term deposit	50,000,000
Pragati Insurance Limited (Sponsor Director)	Term deposit	20,000,000
Eastland Insurance Limited (Sponsor Director)	Term deposit	78,600,719
Square Pharmaceuticals Limited (Sponsor Director)	Term deposit	3,000,000,000
Reliance Insurance Co. Limited (Sponsor Director)	Term deposit	202,500,000
Bangladesh Lamp (Sponsor Director)	Term deposit	22,798,553



Mohammad Shamsul Islam
Managing Director



A.K.M. Moinuddin, FCA
Director



Md. Kabir Reza, FCMA
Director



Mahbubur Rahman
Chairman

NATIONAL HOUSING FINANCE PLC

Schedule of Fixed Assets
As on 31 December, 2023

(Annexure-A)

Figures in Taka

Particulars	Cost				Rate	Depreciation				Written down value as on 31.12.23	Written down value as on 31.12.22
	Balance as on 01.01.23	Disposed during the year	Addition during the year	Balance as on 31.12.23		Balance as on 01.01.23	Adjustments for disposal	Charged during the year	Balance as on 31.12.23		
Land	65,219,993	-	-	65,219,993	-	-	-	-	-	65,219,993	65,219,993
Existing Building	39,289,100	-	-	39,289,100	10.00%	31,914,350	-	695,412	32,609,762	6,679,338	7,374,750
Newly acquired Building	211,494,142	-	-	211,494,142	3.00%	35,701,468	-	5,286,399	40,987,867	170,506,275	175,792,674
Furniture	43,381,723	-	372,586	43,754,309	10.00%	21,097,193	-	2,265,711	23,362,904	20,391,405	22,284,530
Office equipment	46,259,199	-	1,112,510	47,371,709	20.00%	30,017,058	-	3,470,930	33,487,988	13,883,721	16,242,141
Intangible Assets	10,500,000	-	-	10,500,000	20.00%	5,670,000	-	2,100,000	7,770,000	2,730,000	4,830,000
Right-use of lease Assets	6,663,757	-	1,519,653	8,183,410	-	2,838,251	-	1,419,346	4,257,597	3,925,813	3,825,506
Motor vehicle	9,425,165	-	-	9,425,165	20.00%	6,881,626	-	508,708	7,390,334	2,034,831	2,543,539
Total:	432,233,079	-	3,004,749	435,237,828		134,119,946	-	15,746,506	149,866,452	285,371,376	298,113,133

OUR BRANCH NETWORK

Principal Branch National Plaza (8 th 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 223361016, ✉ : principal@nationalhousingbd.com	Motijheel Branch Fazlur Rahman Center (2 nd Floor), 72, Dilkusha C/A, Dhaka-1000. ☎ : +88 02 9567103, +88 02 9550071, +88 09609200555 (Ext. 300) 📠 : +88 02 9565493, ✉ : motijheel@nationalhousingbd.com
Gulshan Branch Bashati Avenue (4 th Floor), Plot: 10, Road: 53, Gulshan-2, Dhaka-1212. ☎ : +88 09609200556, +88 09609200555 (Ext. 201) ✉ : gulshan@nationalhousingbd.com	Chattogram Branch Aziz Court (11 th Floor), 88-90, Agrabad C/A, Chattogram. ☎ : +88 031 713803, +88 09609200555 (Ext. 500) 📠 : +88 031 713804 ✉ : chittagong@nationalhousingbd.com
Bogura Branch Jamil Shopping Center (3 rd Floor), Borogola, Bogura-5800. ☎ : +88 02589905440, 02589903009 +88 09609200555 (Ext. 600) 📠 : +88 02589905440 ✉ : bogra@nationalhousingbd.com	Rangpur Branch Nirala Complex (3 rd Floor), House: 18, Paira Chatter, Rangpur Sadar, Rangpur. ☎ : +88 0521 56381-2, +88 09609200555 (Ext. 701) 📠 : +88 0521 56382 ✉ : rangpur@nationalhousingbd.com
Gazipur Branch M.A.S. Square (6 th Floor), Chandona Chowrasta, Gazipur. ☎ : +88 02 49263465-67 +88 09609200555 (Ext. 400) ✉ : gazipur@nationalhousingbd.com	Feni Branch Kazi Plaza (3 rd Floor), 107, S.S.K. Road, Feni Sadar, Feni. ☎ : +88 0331 74503-4 +88 09609200555 (Ext. 800) ✉ : feni@nationalhousingbd.com
Rajshahi Branch House: 37 (2 nd Floor), Ghoramara, Boaliapara, Rani Bazar, Boalia, Rajshahi. ☎ : +88 0721 771172-73 +88 09609200555 (Ext. 901) ✉ : rajshahi@nationalhousingbd.com	Khulna Branch City Trade Center (5 th Floor), Plot No.-75, KDA Avenue, Shibbari Moar, Khulna. ☎ : +88 09609200555 (Ext. 930) ✉ : Khulna@nationalhousingbd.com

Sales Center

Aftabnagar Sales Center Nur Tower, Ftat: 9/B (8 th Floor), House: 29/31, Road: 1, Block: D Sector: 1, Aftabnagar, Badda, Dhaka-1219 ☎ : +88 01912 125371	Mirpur Sales Center Kamal Tower (1 st Floor), 24/1, Pallabi, Mirpur-11 ^{1/2} Dhaka-1216. ☎ : +88 01673424655	Uttara Sales Center City Axis Jahanara, Suit-5B (5 th floor), Plot- 68, Road-3, Sector-14, Gausul Azam Avenue, Uttara, Dhaka. ☎ : +88 01921778711
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OCCASIONS AND EVENTS



24th Annual General Meeting (Virtually).



Celebrating 25 years of excellence



First meeting of Shari'ah Supervisory Committee

Receiving ICSB Corporate Governance Award 2022 in the Bronze Category



Celebrated Women's Day 2023



Participated at NBFI fair organised by Banik Barta



Participated at REHAB Fair



MoU signed with Starpath Holding Ltd





National Housing Finance PLC

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

25th Annual General Meeting PROXY FORM

I/We of
..... being a member of
National Housing Finance PLC 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 25th Annual General Meeting of the company to be held on
Wednesday, September 25, 2024 at 12.00 noon (Dhaka time) and at any adjournment thereof.

Signed this day of September, 2024

(Signature of Proxy)
Name:

Revenue
Stamp

(Signature of Member)
Name:

Folio/BO ID No.

Note:

- a) This form of proxy, duly completed, must be deposited through email at share@nationalhousingbd.com at least 72 hours before the meeting. Proxy is invalid if not signed and stamped as above.
- b) Signature of the shareholders should agree with the specimen signature registered with the Company and Depository Register.



National Housing Finance PLC

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

25th Annual General Meeting Attendance Slip

I hereby record my attendance at the **25th Annual General Meeting** of National Housing Finance PLC as a holder of shares of the Company.

Name of Member/Proxy :

Folio/ BO ID No. :

(Signature of Member/proxy)

Note:

- a) Signature of the shareholders should agree with the specimen signature registered with the Company and Depository Register.



Corporate Head Office:

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