



Corporate Head Office

Concord Baksh Tower (7th Floor), Plot: 11-A, Road: 48, Block: CWN(A)
Gulshan-2, Dhaka-1212, ☎: +88 09609 200 555
📠: +88 02 588 11652, ✉: info@nationalhousingbd.com

Registered Office

National Plaza (7th Floor), 109, Bir Uttam C.R Datta Road
(Ex-Sanargaon Road), Dhaka-1205, ☎: +88 02 967 0612-4, +88 02 967 7181-2, +88 02 966 9800,
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www.nationalhousingbd.com

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Letter of Transmittal

Date: March 24, 2021

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

Subject: Annual Report for the year ended December 31, 2020

Dear Sir/Madam,
We are pleased to enclose herewith, a copy of the Annual Report 2020 containing Directors' Report and Auditor's Report along with the Audited Financial Statements for the year ended December 31, 2020 with notes therein of National Housing Finance and Investments Limited for your kind information and record.

Thanking you.

Sincerely Yours,



(Md. Sarwar Kamal, FCS)
Company Secretary

National Housing Finance and Investments Limited

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

Notice of the 22nd Annual General Meeting (Virtually)

Notice is hereby given that the 22nd Annual General Meeting (AGM) of National Housing Finance and Investments Limited will be held on May 18, 2021 at 12:00 noon (Dhaka Time). Pursuant to the Bangladesh Securities and Exchange Commission's Letter No. SEC/SRMIC/94-231/91 dated 31 March 2021, the AGM will be held virtually by using digital platform through the following link: www.digitalagmbd.net/NHFIL22AGM to transact the following business:

Agenda

1. To receive, consider and adopt the audited financial statements of the Company for the year ended December 31, 2020 together with reports of the Directors and Auditors thereon.
2. Declaration of dividend for the year ended December 31, 2020.
3. To elect/re-elect Directors in accordance with the relevant provisions of the Articles of Association of the Company and to confirm the appointment of Independent Director.
4. (a) To appoint Auditors and fix their remuneration for the year 2021.
(b) To appoint Compliance Auditor as per Corporate Governance Code-2018 for the year 2021.

By order of the Board



(Md. Sarwar Kamal, FCS)
Company Secretary

Dated: April 26, 2021

Notes:

- i) Members, whose names appeared on the Depository/Members Register as on "Record Date" i.e. April 18, 2021 are eligible to attend and vote at the Annual General Meeting (AGM) and also receive dividend.
- ii) The Members will be able to submit their questions/comments and vote electronically 24 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 www.digitalagmbd.net/NHFIL22AGM
- iii) We encourage the Members to log in to the system prior to the meeting start time of 12.00 noon (Dhaka time) on 18th May, 2021. 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 revenue stamps of Tk. 20.00.
- 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, the soft copy of Annual Report 2020 will be sent through e-mail as per registered e-mail ID received from CDBL. The soft copy of the Annual Report 2020 will also be available on the company's website at: www.nationalhousingbd.com.

Corporate Information & Key Milestones

Registered Name	: National Housing Finance and Investments Limited
Legal Form	: Public Limited Company under Companies Act, 1994
Incorporated on	: August 18, 1998
Registration Number	: C-36097(397)/98
Authorized Capital	: BDT 2,000 Million
Paid-up Capital	: BDT 1,170.31 Million
Certificate of Commencement	: August 18, 1998
Date of Bangladesh Bank License	: December 29, 1998
First Mortgage Loan	: June 16, 1999
Opening of Motijheel Branch	: August 18, 2001
First Lease Finance	: February 22, 2004
Opening of Chattogram Branch	: April 06, 2004
Opening of Gulshan Branch	: June 01, 2004
Date of Listing:-	
Chittagong Stock Exchange	: November 11, 2008
Dhaka Stock Exchange	: December 23, 2008
Opening of Bogura Branch	: April 19, 2009
Opening of Rangpur Branch	: October 16, 2014
Opening of Principal Branch	: March 22, 2016
Opening of Gazipur Branch	: December 01, 2018
Opening of Feni Branch	: December 21, 2019
Opening of Rajshahi Branch	: December 28, 2019

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Web: www.nationalhousingbd.com

E-mail: info@nationalhousingbd.com

Auditors:

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

Corporate Governance Compliance Auditor

SARashid & Associates
Chartered Secretary in Practice
Noakhali Tower (12th Floor, 13-D), 55/B Purana Paltan, Dhaka-1000

Legal Advisor:

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

Membership:

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

Our Vision

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

Our Goal

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





Our Mission

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



Our Core Values

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



Our Objectives

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

Corporate Social Responsibility

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

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

- ▶ National Housing Finance has provided 7,939 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 resolve conflict of interest.
- ▶ Maintain stringent confidentiality of customer's information unless otherwise directed by competent regulatory authority.
- ▶ Courtesy and cooperation to the client is our manifesto. Encourage employees to act in a professional and ethical manner so as to create a good impression of National Housing and its employees. Trustworthy commitment to customers to build long-term relationship.
- ▶ Apply professional judgment and high quality care in all cases.
- ▶ Apply own corporate policies and appropriate technical and professional standards for rendering services to the client.
- ▶ Encourage and act against falsification, dishonesty, fraud, trickery and forgery.
- ▶ Uphold the Company's good name and integrity.

Products & Services

Home Mortgage Loan

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

Project Mortgage Loan

- › Project mortgage loan for property development

Lease Finance

- › Acquisition of industrial machineries, equipments, generators, power plants etc.
- › Car purchase
- › Medical/Hospital equipments

SME Finance

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

Deposit Schemes with Attractive Return

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

Our Departments



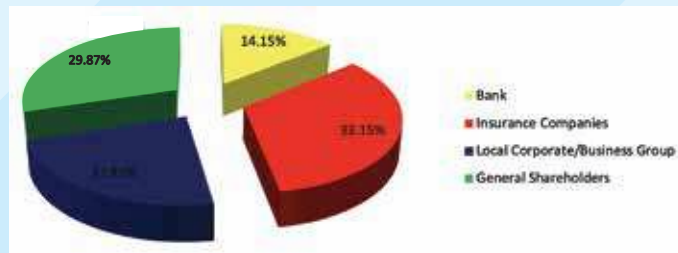


Bankers

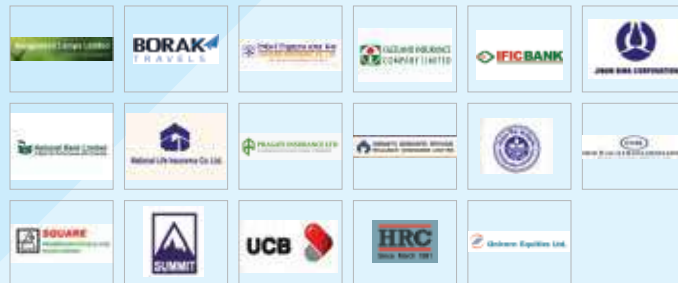
- ▶ Agrani Bank Limited
- ▶ Bank Asia Limited
- ▶ Commercial Bank of Ceylon PLC
- ▶ Dhaka Bank Limited
- ▶ Dutch Bangla Bank Limited
- ▶ Eastern Bank Limited
- ▶ EXIM Bank Limited
- ▶ Islami Bank Bangladesh Limited
- ▶ Jamuna Bank Limited
- ▶ Mercantile Bank Limited
- ▶ Mutual Trust Bank Limited
- ▶ National Bank Limited
- ▶ NCC Bank Limited

- ▶ NRB Bank Limited
- ▶ One Bank Limited
- ▶ Prime Bank Limited
- ▶ Pubali Bank Limited
- ▶ Shahjalal Islami Bank Limited
- ▶ Social Islami Bank Limited
- ▶ Sonali Bank Limited
- ▶ Standard Chartered Bank
- ▶ Southeast Bank Limited
- ▶ The Premier Bank Limited
- ▶ Uttara Bank Limited
- ▶ Woori Bank Limited

Shareholding Structure



Our Promoters



Director's Profile



Mr. Mahbubur Rahman

Chairman

Representing Eastland Insurance Co. Ltd.

Mr. MAHBUBUR RAHMAN, President, International Chamber of Commerce (ICC) – Bangladesh, The world business organization which was established in 1919 having its HQs in Paris, and presence in more than 100 countries with 45 million Corporate Members and over 1 billion workers worldwide.

Mr. Rahman is the Chairman & CEO of ETBL Holdings Limited (Estd. 1962)- a conglomerate of 7 (Seven) wholly owned commercial & industrial affiliates and stake holders of 4 (Four) PLCs. He is the Founder Chairman of Eastland Insurance Co. Ltd.(plc) (Estd. 1986), Bangladesh International Arbitration Centre (BIAC) – The Institution for Alternative Dispute Resolution (2004) and International Publications Limited (Publishers of The Financial Express – The National English Financial Daily, (1993).

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) -- The Apex National Chamber of Bangladesh (1992-1994), The Dhaka Chamber of Commerce & Industry (DCCI) – The premier Chamber of the country (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), (Estd. 1983) Former Board Member of BIMAN-Bangladesh Airlines (National Carrier of Bangladesh), 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 awarded The Lifetime Achievement Award in 2012, by the "DHL-The Daily Star" sponsored most prestigious 'Bangladesh Business Award'.

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 has been honoured by The Daily Star as an Eminent Personality for Lifetime Contribution to Nation-Building, in 2016.

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

Vice Chairman

Representing Pragati Insurance Ltd.

Syed M. Altaf Hussain is the Chairman of Pragati Insurance Ltd., has had a long and distinguished career in the fields of food grains, crop nutrition, business development, high-rise building development, technology, business operations and financial institutions with over 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. Morshed Alam, MP

Director
Representing National Life Insurance Co. Ltd.

Mr. Morshed Alam is one of the most eminent business icons of present time in the country. With perception and technical expertise, he has become a leading entrepreneur of Bangladesh. He is a member of parliament of 10th National Parliament representing the constituency of 269, Noakhali-2 (Senbagh-Sonaimuri). He is declared CIP for the Fiscal Year of 1996-1997, 1999-2000, 2008-2009 & 2010-2011 (Export) by the Ministry of Commerce, Government of the People's Republic of Bangladesh for his remarkable contribution in the business arena. He is also Recipient of Prime Minister's National Export Trophy - Gold during the FY 2013-2014, 2012-2013, 2006-2007, 2000-2001. Recipient of Prime Minister's National Export Trophy - Silver during the FY 2013-2014, 2012-2013, 2010-2011, 2009-2010. Recipient of Prime Minister's National Export Trophy Bronze during the FY 2010-2011. Recipient of "Best Enterprise Award 2007" (Awarded by DHL/ The Daily Star).

He is the founder of Bengal Group of Industries which consists of Bengal Windsor Thermoplastics Limited, Bengal Media Corporation Limited (Rtv), Bengal Plastics Limited, Bengal Poly Paper Sack Limited, Bengal Flexipak Limited, Bengal Adhesive & Chemical Products Limited, Bengal Polymer Wares Limited, Bengal Plastic Pipes Limited, Romania Food & Beverage Limited, Power Utility Bangladesh Limited, Bengal Concept and Holdings Limited, Bengal Corrugated Carton Industries Limited, Bengal Overseas Corporation Limited, Hamilton Metal Corporation Limited, Bengal Feed & Fisheries Limited, Designer Jeans Limited, Designer Fashion Limited, Bengal Retails Limited, Bengal Renewable Energy Limited, Bengal Hotel and Resort Limited, Romania Agrovet Limited and National Life Insurance Company Limited.

Besides, he is the member of trustee board of The People's University of Bangladesh and Chairman, National Life Insurance Company Limited and Director of Mercantile Bank Limited. Being a philanthropist, he founded Morshed Alam High School at Nateswar Noakhali and life donor member of Kazi Nagar Madrasa and Bazra High School at Noakhali and Motijheel Ideal High School Dhaka.



Mr. Akhtar Ahmed

Director
Representing Reliance Insurance Co. Ltd.

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

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

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

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



Mr. Md. Kabir Reza, FCMA

Director and Chairman, Executive Committee
Representing Square Pharmaceuticals Ltd.

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

Mr. Reza started his career with Rafkhat Group of companies as an Assistant Manager (Accounts) from 1991 to 1993. Then he took the responsibility of chief accountant of Bangladesh Engineering & Technological Services limited during the period from 1993 to 1995. At the height of his professional career, he became the executive director of Accounts and Finance of Square Pharmaceuticals Limited on the year 2000.



Mr. Muminul Haque Chowdhury

Director
Representing Borak Travels (Pvt.) Limited

Mr. Muminul Haque Chowdhury holds an M.S. in Economics from University of Darmstadt of New York. He also holds a Post Graduate Diploma in Energy Management from the State University of New York. His area of specialization includes Business Administration, Negotiation, Financial and Economic Analysis, Monitoring and overall Management. Mr. Chowdhury is also an Advisor of Unique Group of Companies Limited. He has actively participated in many professional seminars at home and abroad.



Mr. Azmal Hossain

Director
Representing Eastern Insurance Co. Ltd.

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



Mr. Abdullah Al Mamun

Director
Representing Bangladesh Lamps Ltd.

Mr. Abdullah Al Mamun is a business professional with more than 15 years of experience in multiple industries. He is now serving as the Chief Financial Officer (CFO) of Transcom Limited, one of the Largest & Professionally Managed Diversified Business Conglomerates in Bangladesh.

Mr. Mamun holds the position of Chief Financial Officer (CFO) of Transcom Distribution Ltd, Bangladesh's largest distribution and logistics company with operations in pharmaceuticals, consumer brands and diagnostic devices. Transcom Distribution is proud to have strong bonds with multinational giants, L'Oréal, Novo Nordisk, Servier, Abbott, Kraft Heinz, Unilever International and Mars among others.

Mr. Mamun is also the Chief Financial Officer (CFO) of Transcom Consumer Products Ltd, PepsiCo's first snacks franchise operation in the world.

Prior to joining Transcom family in 2007, he served A. Qasem & Co, Chartered Accountants, an associated firm of PricewaterhouseCoopers (PwC) for 2 years.

He serves as the Member of the Executive Committee and Treasurer of the Faraaz Hossain Foundation.

Mr. Mamun is a Fellow Chartered Accountant of Institute of Chartered Accountants of Bangladesh (ICAB) and holds a Masters in Commerce degree. He also served as a faculty member of ICAB from 2006 to 2014.



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

Mr. Abdul-Muyeed Chowdhury joined the erstwhile Civil Service of Pakistan (CSP) in 1967. For almost 33 years worked 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 ex-officio Chairman of National Board of Revenue (NRB). He was an Advisor to the non-party Caretaker Government of Bangladesh.

He is a member of the Board of Advanced Chemical Industries Limited. He was the ED of BRAC from 2000 to 2006. Prior to that, he spent more than three decades in the Civil Service of Bangladesh and was the Secretary to the Government from 1994 to 2000 holding charge of various ministries. He also served as Managing Director of Biman Bangladesh Airlines and Executive Director of Jamuna Multipurpose Bridge Authority, President of National Shooting Federation of Bangladesh, Chairman of SME Foundation and Vice President of Bangladesh Olympic Association. He was the Chairperson of BRACNet Limited. Currently, he is serving as the CEO of Tiger Tours Limited. Besides, he is a Director of Grameen Phone Limited, ACI Formulation Ltd, MJL Bangladesh Ltd., Omera Petroleum Ltd, Omera Fuels Ltd, Omera Cylinders Ltd, Omera Chemicals Ltd, Summit Alliance Port Ltd, PEB Steel Alliance Ltd and Tiger Tours Limited. He is also a member of the Governing Body of BRAC University, Sajida Foundation and Bangladesh Youth Enterprise Advice and Help Center (B'Yeah).

Mr. Chowdhury obtained his Bachelor of Arts with honors in History and Masters 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, USA.



Mr. Md. Khalilur Rahman
Managing Director

Mr. Md. Khalilur Rahman joined as Managing Director of National Housing Finance and Investments Ltd. (NHFIL) in February 2015. Prior to join as Managing Director he was Additional Managing Director of NHFIL from October 2013. He is a member of Executive Committee and immediate past Chairman of Bangladesh Leasing and Finance Companies Association (BLFCA).

Mr. Rahman has more than 40 years' experience in various Banks & NBFIs at home and abroad. He started his career with Bangladesh Shilpa Bank (currently BDBL) as Senior Officer (Financial Analyst) in the year 1979. He also worked with IFIC Bank as Senior AVP, Southeast Bank as VP, IIDFC as AMD and BIFC as MD. He has been successfully discharging his assignments while posted at various capacities of his career at home and abroad. He is also the immediate past President of 'Rotary Club of Dhaka Buriganga'. He is the treasurer of MBA Association and Member of Executive Committee of IBA Alumni Association. He is also associated with various professional associations.

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

Various Committees

Executive Committee

SL	Member	Designation	Committee Status
1	Mr. Md. Kabir Reza, FCMA	Director	Chairman
2	Mr. Syed M. Altaf Hussain	Director	Member
3	Mr. Muminul Haque Chowdhury	Director	Member
4	Mr. Abdul-Muyeed Chowdhury	Independent Director	Member
5	Mr. Md. Khalilur Rahman	Managing Director	Ex-officio Member
6	Mr. Md. Sarwar Kamal FCS	VP & Company Secretary	Secretary of the Committee

Audit Committee

SL	Member	Designation	Committee Status
1	Mr. Abdul-Muyeed Chowdhury	Independent Director	Chairman
2	Mr. Md. Kabir Reza, FCMA	Director	Member
3	Mr. Aktar Ahmed	Director	Member
4	Mr. Azmal Hossain	Director	Member
5	Mr. Md. Sarwar Kamal FCS	VP & Company Secretary	Secretary of the Committee

Management Committee (MANCOM)

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

Asset Liability Management Committee (ALCO)

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

Credit Committee

SL	Member	Designation	Committee Status
1	Mr. Mohammad Shamsul Islam	AMD	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	Ms. Maria Farhat	Officer	Member Secretary

Sustainable Finance Committee

SL	Member	Designation	Committee Status
1	Mr. Mohammad Shamsul Islam	AMD	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. Md. Ali Tareque	Head of IT	Member
6	Mr. Prabir Shel	Head of ICCD	Member
7	Mr. Jayed Hossain Manik	Head of SME	Member Secretary

Sustainable Finance Unit

SL	Member	Designation	Committee Status
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. Jayed Hossain Manik	Head of SME	Member
6	Mr. Md. Junayed Abedin	Deputy Manager	Focal Point Official
7	Mr. Md. Al-Amin	Assistant Manager	Fallback Person

Risk Management Forum (RMF)

SL	Member	Designation	Committee Status
1	Mr. Mohammad Shamsul Islam	AMD	Chief Risk Officer (CRO)
2	Mr. Shital Chandra Saha	Head of CRM	Member
3	Mr. Sayed Ahmed, FCMA	Chief Financial Officer	Member
4	Mr. Md. Ali Tareque	Head of IT	Member
5	Mr. Md. Ismail Hossain Mazumder	Head of Treasury	Member
6	Mr. Prabir Shel	Head of ICCD	Member
7	Mr. Jayed Hossain Manik	Head of SME	Member

Risk Analysis Unit (RAU)

SL	Member	Designation	Committee Status
1	Mr. Md. Sarwar Kamal FCS	Company Secretary	Member
2	Mr. Md. Abdul Baten	Head of Recovery	Member
3	Mr. Mezanur Rahman	FAVP	Member
4	Mr. Md. Waliul Islam Chowdhury	Assistant Manager	Member
5	Mr. Md. Hamim Mia	Assistant Manager	Member Secretary

Customer Service and Complaints Management Cell

SL	Member	Designation	Committee Status
1	Mr. Md. Sarwar Kamal FCS	Company Secretary	Head of Complaint Cell
2	Mr. Prabir Shel	Head of ICCD	Member
3	Mr. Jayed Hossain Manik	Head of SME	Member
4	Mr. Md. Hafez Ahmed	Officer	Member
5	Ms. Homayra Ashrafi	Officer	Member

Two officials (sub-manager & another officer) will work in each branch for Branch Level Customer Service & Complaints Management Desk (BLCs & CMD) under direct supervision of Branch Manager.

Women Entrepreneur Development Unit (WEDU)

SL	Name	Designation	Committee Status
1.	Ms. Anamica Das	Assistant Manager	Head of WEDU
3.	Ms. Homayra Ashrafi	Officer	Member, Women Entrepreneur Help Desk

Management Team



Managing Director

Md. Khalilur Rahman

Additional Managing Director

Mohammad Shamsul Islam

Executive Vice President

Shital Chandra Saha

Vice President

Md. Nazrul Islam
Md. Abdul Baten
Sayed Ahmed, FCMA
Abu Naser Md. Ahad Sarkar
Md. Sarwar Kamal FCS
Mahbubur Rashid Al-Amin
Md. Mahbubur Rahman

Assistant Vice President

Md. Jahedul Islam

First Assistant Vice President

Md. Mezanur Rahman
Md. Ali Tareque
Md. Mozaharul Islam
Md. Ismail Hossain Mazumder
Israt Jahan
Sharmin Zahan
Md. Mashur Rahman

Manager

A. M. Enayet Karim
Nayan Malakar
Dilip Chandra Roy
Md. Anower Hossain
Md. Azizur Rahman
Prabir Shel
Md. Ilious Zaved
Purna Chandra Deb Sharma
H. M. Mashur Rahman
Masbha Uddin

Deputy Manager

Rumana Amin
Tanvir Ahmed
Md. Abu Faysal Rony
Abdullah Al Kafi
Md. Moyachan Ali (Chand)
Syed Sahrif Ahmed Sumon
Md. Junayed Abedin
Suraiya Yeasmin
Md. Alimul Islam
Ibrahim Khalil
Sheikh Farid
Mohammad Mazharul Islam ACS

Robiul Haque
Adnan Imtiaz
Iffat Ruhan
Marufur Rahman
Md. Mustafizur Rahaman
Md. Saiful Islam
Afifa Khanom
Kh. Sayful Islam Rana

Assistant Manager

Tania Afrose
Abu Jafar Md. Abdullah
K. M. Iftekhar Hossain
A. Q. M. Ambia Touhid
Md. Al-Amin
Nayeem Farhan
Md. Abu Bakar Shiddik
Al Mamun Shiblu
Noor-ul-Muhaimen Talukder
Anamica Das
Nafisa Tasnim Samantha
Sharmin Jahan Shawn
Md. Badiuzzaman Sarker Masum
Walid Hassan
Jayed Hossain Manik
Md. Waliul Islam Chowdhury
Md. Hamim Mia
Md. Majharul Alam
Bijoy Kumar Saha
Md. Zakariya Mohayman
Awlia Akter
Brinta Ghosh
Suvra Saha
Rajesh Saha
Jinat Ara Jesmin
Sarfaraj Ahmed
Sharmistha Datta

Chief Financial Officer

Sayed Ahmed FCMA

Company Secretary

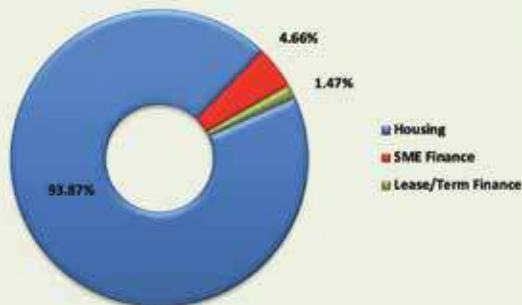
Md. Sarwar Kamal FCS

Branch In-Charge

Mahbubur Rashid Al-Amin
Md. Mahbubur Rahman
Md. Nazrul Islam
Abu Naser Md. Ahad Sarkar
Md. Mozaharul Islam
Md. Jahedul Islam
A. M. Enayet Karim
Md. Ilious Zaved
Md. Saiful Islam

Principal Branch
Gulshan Branch
Motijheel Branch
Bogura Branch
Chattogram Branch
Rangpur Branch
Gazipur Branch
Rajshahi Branch
Feni Branch

Outstanding Portfolio



Financial Highlights

Business Environment and Its Likely Impact on the Financial Performance of NHFL

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:

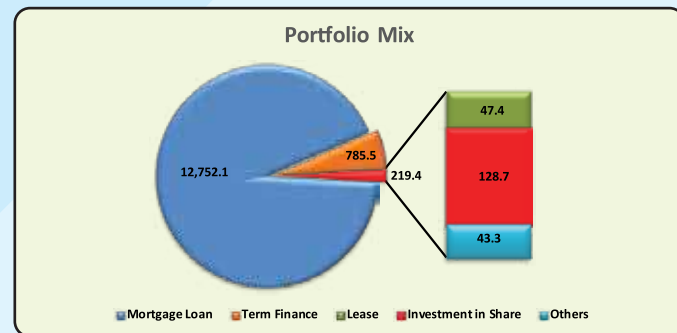
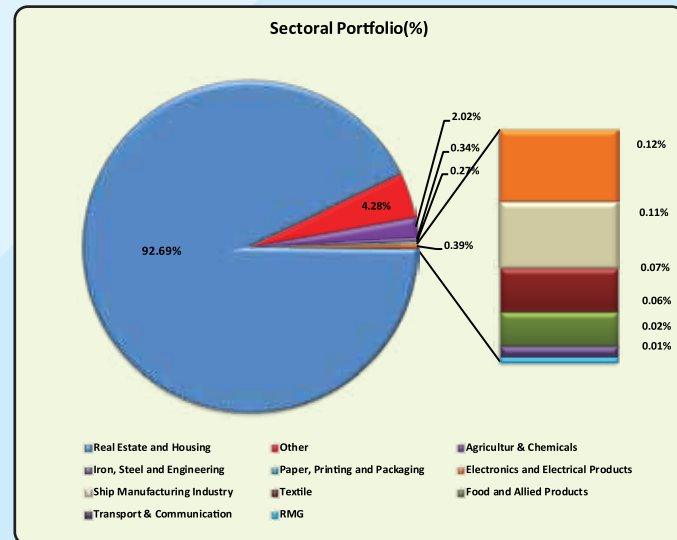
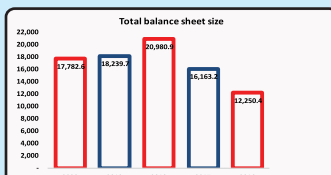
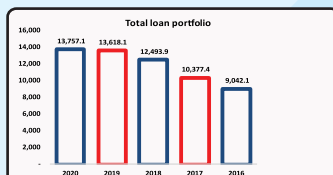
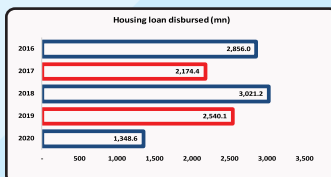
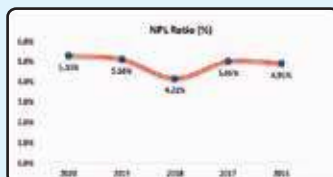
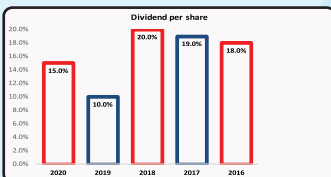
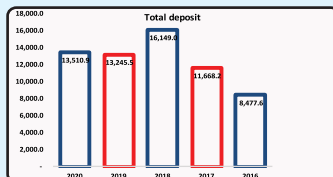
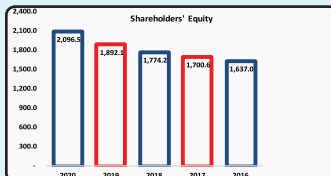
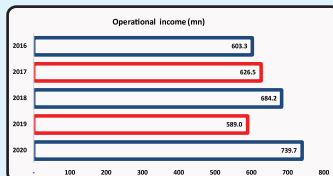
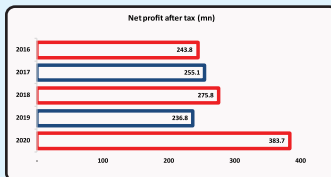
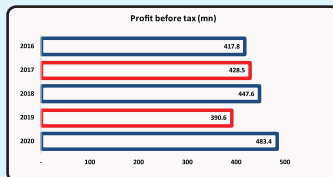
- Change in the country's general economic conditions.
- Changes in commodity price levels.
- Further volatility in interest rates.
- Changes in government policies
- Changes in Monetary policies of the Bangladesh Bank.
 - Increase in provisioning requirements.
 - Increase in statutory liquidity reserves 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	2020	2019	2018	2017	2016
Operational Highlights					
Housing loan sanction	2,024.72	3,936.25	4,401.60	3,593.48	3,597.41
Lease, Term and SME loans sanction	23.80	2.00	151.60	573.20	354.10
Housing loan disbursed	1,348.61	2,540.13	3,021.22	2,174.44	2,856.04
Lease, Term and SME loans disbursed	21.30	86.88	228.72	519.56	454.64
Cumulative housing loan disbursed	21,721.51	20,372.90	17,832.78	14,811.55	12,637.11
Cumulative lease, Term and SME loans disbursed	8,044.45	8,023.15	7,936.27	7,707.55	7,187.99
Cumulative housing loan sanction	26,284.00	24,259.27	20,323.02	15,921.42	12,327.94
Cumulative lease, Term and SME loans sanction	8,166.00	8,142.20	8,140.20	7,988.60	7,415.40
Financial Highlights					
Operational income	739.70	588.97	684.22	626.52	603.30
Operational expenses	199.13	195.68	170.47	152.13	132.18
Financial expenses	1,343.66	1,486.02	1,344.11	814.69	625.43
Administrative Expenses	168.07	164.37	143.79	126.74	111.02
Profit before tax	483.36	390.62	447.59	428.52	417.82
Provision for taxes	161.97	153.82	171.82	173.37	174.05
Net profit after tax	321.39	236.81	275.77	255.15	243.77
Shareholders' fund	2,096.49	1,892.13	1,774.23	1,700.60	1,636.96
Total deposit	13,510.91	13,245.55	16,149.00	11,668.16	8,477.63
Total borrowing	849.73	1,629.48	1,760.75	1,720.84	1,009.95
Total loan portfolio	13,757.07	13,618.14	12,493.86	10,377.43	9,042.05
Total balance sheet size	17,782.57	18,239.70	20,980.85	16,163.20	12,250.39
NPL ratio (%)	5.33%	5.16%	4.21%	5.06%	4.95%
Financial ratios					
Earnings per share	2.75	2.02	2.36	2.40	2.29
Dividend per share	15.00%	10.00%	20.00%	19.00%	18.00%
Net asset value per share	17.91	16.17	15.16	15.98	15.39
Financial expenses coverage (times)	1.36	1.26	1.33	1.58	1.75
Profit margin (before tax)	23.20%	18.83%	22.07%	29.73%	34.00%
Profit margin (after tax)	15.43%	11.41%	13.60%	17.70%	19.84%
Return on equity	16.12%	12.96%	15.87%	15.29%	15.18%
Debt equity ratio	7.48	8.40	10.62	8.32	6.30

* Dividend in 2018 is 10.00% cash and 10.00% stock



Value Added Statement

For the year ended December 31, 2020

The value added statement represents the value created by National Housing Finance and Investments Limited through operational activities and shows how it was distributed among major stakeholders of the Company (Shareholders, Government & Employees) to meet various obligations and reward those responsibilities for its creation. A portion of added value has also been retained in the company for future investment and expansion of NHFIL.

Figures in BDT

Particulars	31-Dec-20		31-Dec-19	
	Amount	%	Amount	%
Value added				
Net interest income	566,368,680	90.19%	565,821,955	106.01%
Fees earned	2,000	0.00%	6,500	0.00%
Investment income	162,270,271	25.84%	4,397,834	0.82%
Other income	11,056,298	1.76%	18,743,844	3.51%
Operating expenses excluding staff cost and depreciation	(54,536,452)	-8.68%	(52,577,054)	-9.85%
Provision for loan, advances & investments	(57,204,139)	-9.11%	(2,664,847)	-0.50%
Total value added by the company	627,956,659	100%	533,728,231	100%
Distribution of value addition				
Employees as remuneration	125,474,269	19.98%	127,685,283	23.92%
Dividend to ordinary shareholders	175,546,800	27.96%	117,031,200	21.93%
Income tax	161,965,953	25.79%	153,815,321	28.82%
	462,987,022	73.73%	398,531,804	74.67%
Retained for expansion and future growth				
Value retained in the business	145,846,577	23.23%	119,776,327	22.44%
Depreciation	19,123,060	3.05%	15,420,100	2.89%
Amount distributed	627,956,659	100%	533,728,231	100%

Number of employees at the end of the year

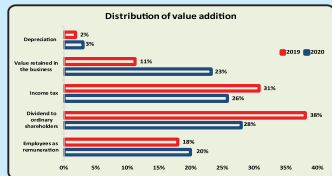
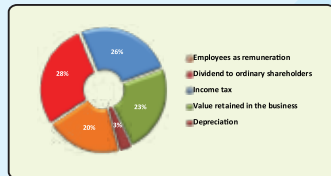
Value created per employee (BDT) 182 196

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

Value created per share (BDT) 5.37 4.56

Value created per share (BDT) (Restated) 5.37 4.56

Particulars	Distribution of value addition	
	2020	2019
Employees as remuneration	20%	18%
Dividend to ordinary shareholders	28%	38%
Income tax	26%	31%
Value retained in the business	23%	11%
Depreciation	3%	2%



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Economic Value Added (EVA) Statement

For the year ended December 31, 2020

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

EVA has been calculated by the following formula:

EVA= Net operating profit after tax- (Capital employed X 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-20	31-Dec-19
	Amount	Amount
Net operating profit	540,563,469	393,287,695
Provision for taxes	161,965,953	153,815,321
Net operating profit after tax (NOPAT)	378,597,516	239,472,374

Charges for capital

Capital employed	2,283,763,632	2,084,420,742
Cost of equity (%)	6.64%	10.97%
Capital charge	151,641,905	228,660,955
Economic value added	226,955,611	10,811,419
Number of shares	117,031,200	106,392,000
Economic Value Added Per Share	1.94	0.10
Economic Value Added Per Share (Restated)	1.94	0.10

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.

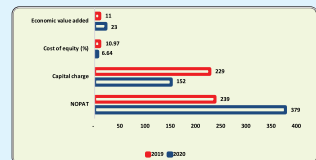
Interest rate on 5 (five) years Government Treasury Bond on December 31	4.64%	8.97%
Standard Risk Premium	2.00%	2.00%
Cost of equity	6.64%	10.97%

Capital employed as on December 31

Shareholder's equity	2,096,491,904	1,892,129,727
Accumulated provision for doubtful accounts and future losses	306,128,498	272,777,135
Total capital employed	2,402,620,402	2,164,906,862
Average capital employed**	2,283,763,632	2,084,420,742

Figures in Million BDT

Particulars	31-Dec-20	31-Dec-19
	Amount	Amount
NOPAT	379	239
Capital charge	152	229
Cost of equity (%)*	6.64	10.97
Economic value added	23	11



Market Value Added (MVA) Statement

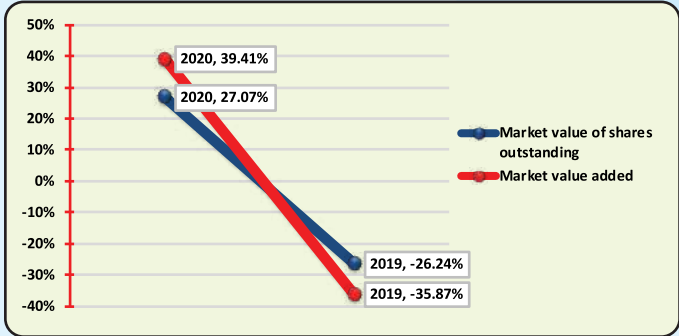
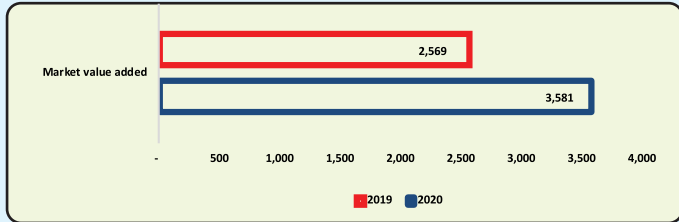
For the year ended December 31, 2020

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 deference 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, 2020 and 2019.

Figures in BDT

Particulars	31-Dec-20	31-Dec-19
	Amount	Amount
Market value of shares outstanding	4,751,466,720	3,739,146,840
Book value of share outstanding	1,170,312,000	1,170,312,000
Market value added	3,581,154,720	2,568,834,840



Treasury at National Housing Finance

Assuring Liquidity, Ensuring Profitability

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

2. Funding and Liquidity Management

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

3. Ensures Profitability after Effective Liquidity Management

The main focus of us is to maintain liquidity effectively and efficiently. After successful liquidity management, NHFIL's Treasury always searches best options to invest its idle fund for ensuring more profit. In the year 2020, our Treasury ensured a remarkable profit through participation in Auction and buy sell of Bangladesh Government Treasury Bond (BGTB).

4. Cost of Funds (CoF) Management

Market interest rate was in downward trend throughout the year 2020 due to pandemic situation in the world. Moreover, the news of financial scam in Peoples Leasing and Financial Services Ltd. and International Leasing and Financial Services Ltd. (a Non Bank Financial Institution) hamper images of NBFI industry. Consequently, Money Market operations of NBFI were confined with other Banks. Despite of having image crisis about NBFI, National Housing Finance and Investments Ltd. (NHFIL) ensures the smooth transactions in money market through its prudent fund management system. Moreover, NHFIL collected remarkable "Core Deposit" at competitive rate of interest.

5. Asset Liability Management (ALM) at NHFIL

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

The ALCO assumes the responsibility of

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

6. Base Rate System

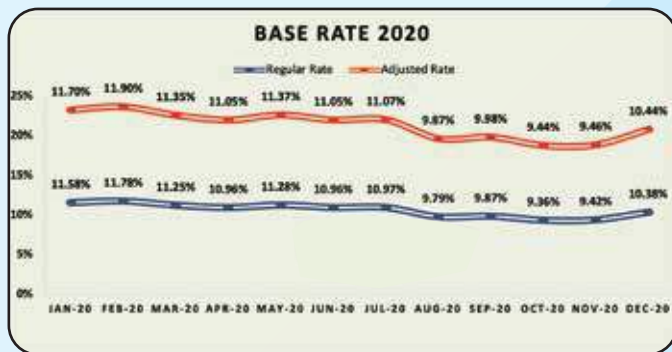
To promote transparency in product pricing and encourage healthy competition in the economy, Bangladesh Bank has enhanced its policy support with the inclusion of Base Rate System. It captures all the elements of lending rates that are common across all categories of borrowers. Consolidating the monthly data of the Fis, Bangladesh Bank prepares and publishes a monthly weighted average Cost of Fund Index (CoFI) on its website. It serves as a reference rate for pricing variable interest rate loan products. However, the actual lending rates charged to the borrowers is the Base Rate plus borrower-specific charges, which include product-specific operating costs, risk premium and tenor premium. In compliance with the "Guidelines on the Base Rate System for Non-Bank Financial Institutions" issued by Bangladesh Bank (DFIM Circular No.-6) on August 20, 2013, we reviews the Base rate on a monthly basis which is approved by the Asset Liability Management Committee (ALCO) and is reviewed by the Board on quarterly basis. The Base rate of NHFIL is exhibited on the website for being transparent in the pricing of floating rate lending products. The monthly base rates of National Housing Finance Limited for the year 2019 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 maximises equity returns while meeting the

Base Rate Analysis for the year 2020



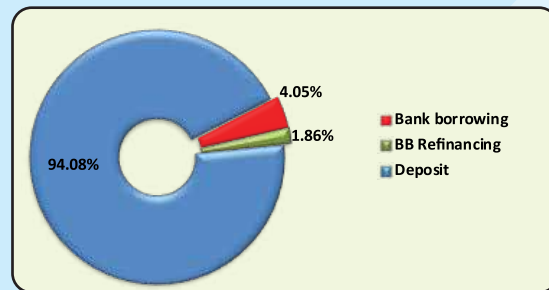
Managing our cost of funds (CoF)

For the year ended December 31, 2020

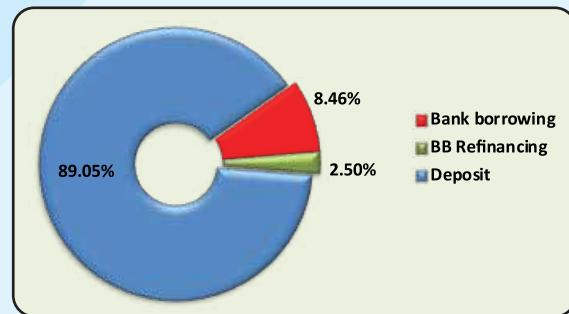
Despite assuming inherent shortcomings of not offering and savings accounts to clients on account of our status

Figures in BDT

Particulars	December 31, 2020	%	December 31, 2019	%
Bank borrowing	582,171,386	4.05%	1,258,301,619	8.46%
BB Refinancing	267,559,452	1.86%	371,175,293	2.50%
Deposit	13,510,914,122	94.08%	13,245,549,740	89.05%
	14,360,644,960		14,875,026,652	



December 31, 2020



December 31, 2019

FROM THE DESK OF MR. MAHBUBUR RAHMAN

My Dear Shareholders and Stakeholders:

Asalamualaikum.

WELCOME to the 22nd AGM of your company, National Housing Finance and Investments Limited and please accept my good wishes in these days of one of the greatest miseries ever faced by the human civilization. Last year, we held the 21st AGM virtually; this year also COVID-19 is still raging through different vulnerable spots and claiming valuable lives leaving us with no other option but to meet you on the virtual platform again. While recognizing the reality, I have great pleasure in presenting before you the

annual report

Annual Report 2020 containing facts and figures for your assessment of NHFIL's performance in the year under consideration and for fabricating a potential framework of policies and actions for the upcoming year 2021.

You are fully aware that the year 2020 has been a haunted period in history for us and for every nation on this planet. That traumatized us and threatened to cripple our spirit and endeavors. But by the mercy of Allah and the undaunted efforts of every hand and every quarter in the public and private establishments, we were able to move past the disaster and continue with business, social and economic activities fairly well.

Economic data available at the time of the April 2020 World Economic Outlook forecast by IMF indicated an unprecedented decline in global activity due to the COVID-19 pandemic. Data releases since then suggest even deeper downturns than previously projected for several economies. Consumption and services output have dropped markedly. In most recessions, consumers dig into their savings or rely on social safety nets and family support to smooth spending, and consumption is affected relatively less than investment. But this time, consumption and services output have also dropped markedly. Firms have also cut back on investment when faced with precipitous demand declines, supply interruptions, and uncertain future earnings prospects. Thus, there is an aggregate demand shock, compounding near-term supply disruptions due to lockdowns.

Swift and, in some cases, novel actions by major central banks have enhanced liquidity provision and limited the rise in borrowing costs. Moreover, swap lines for several emerging market central banks have helped ease dollar liquidity shortages. Meanwhile, financial regulators' actions—including modification of bank loan repayment terms and release of capital and liquidity buffers—have supported the supply of credit. Stability in the oil market has also helped lift sentiment.

annual report

Bangladesh's GDP grew by 8.15 per cent in fiscal year 2018–19 and higher rates were anticipated. Now the country is struggling to recover from the slowdown caused by the COVID-19. The World Bank projected that Bangladesh's GDP growth would be 1.6 per cent in fiscal year 2019–20. The IMF expects it to be 2 per cent. Bangladesh's own Bureau of Statistics then provided a provisional GDP growth forecast of 5.24 per cent, still the lowest since 2009.

Grave assaults inflicted by the pandemic diminished growth of nearly all subsectors. Manufacturing growth declined sharply. The average growth in manufacturing was more than 10 per cent from 2010 to 2019 and was 14.2 per cent in 2019, registering a mere 5.84 per cent in 2019–20.

Notwithstanding such overwhelming depressions, your company made it to profits in the year 2020. I feel a sense of relief and confidence that we were able to retain jobs intact and dodge income losses during the Covid-19 pandemic. On the other hand, our employees contributed Tk. 700,000.00 to the Prime Minister's emergency fund to fight COVID falouts.

In 2020, National Housing's total portfolio stood at Tk. 1,375.71 crore and net profit increased by Tk 8.46 crore which is 35.72% higher than that of 2019. The Board is impressed with the management to have been successful in maintaining the motion towards a progressive and sustainable development trail.

Considering Company-position in terms of revenues and incomes, the Board has been pleased to recommend distribution of 15.00% cash Dividend to the shareholders for the year 2020.

The true measure of the resilience of an organization can best be seen when it faces hard-hitting challenges. I observed gleefully that the team at National Housing rallied together and responded with determination, dexterity and patience, and navigated the corporate vessel through the tormented waters of COVID-19 tempest to the shore of triumph. I am humbled in admiring them and our customers and our shareholders and all other stakeholders who, in effect, produced our success. Let us work together, let us toil together, and let us live together in progress and harmony.

Thank you.



Mahbubur Rahman
Chairman

FROM THE DESK OF MR. MD. KHALILUR RAHMAN



Honorable shareholders:

Assalamu Alaikum,
I feel privileged and honored to welcome you all to the 22nd Annual General Meeting of National Housing Finance and Investments Limited, today, the 18th of May, 2021. Though our hearts crave for meeting you in person and sit face-to-face to discuss and dwell on the Annual Report 2020 which is presented before you by our honorable Chairman, the COVID-19 pandemic has forced us to maintain certain unpalatable social rules and avoid physical assemblage. We have, therefore, no other alternative but to meet you on this virtual platform pursuant to BSEC Directive No. SEC/SRMIC/94-231/91 dated 31 March 2021.

annual report

2020 was the saddest year in our lives due to incidence of COVID-19. Barring World War 1 and 2, this natural disaster caused the greatest loss to the humanity in terms of loss of lives, wealth, health, psyche, spirit and social fabric. Heavyweight economies of Europe and America were smashed like puffed rice: production and consumption fell unprecedentedly, jobs evaporated and greater section of the people had to be fed with dole money and in instances, directly with food and medicine.

The civilization has simply been baffled; so has the people of Bangladesh. Our business, economic, social and health activities were swayed in a puzzling whirlwind of the pandemic. The Financial Express stated in an article in June, 2020 that before Covid-19 assault, all activities in the real estate sector including construction, promotion and sales were encouraging. The upward trend of investment continued into 2020 when the amount of loan and advances was recorded at around Tk. 800 billion.

Unfortunately, the pandemic stripped the momentum of its speed and vibe. As people had to fight for existence, investments on non-essential possessions of houses and apartments plummeted. According to REHAB some 3.5 million workers have been jobless; while another 0.1 million are on the verge of joblessness in the ailing sector.

However, in the later part of 2020, the sub-sector started reclaiming its business bit by bit. Some realtors started work on some projects on a limited scale and home-seekers began calling on lenders for EMI loans to purchase houses and apartments. But, uncertainty persisted since the realtors' future hinges upon performance of over 200 linkage industries such as steel rod, cement, ceramic ware and bricks.

The volume of money pumped into the sector also increased significantly. According to the Bangladesh Bank data, the volume of banks' advances to the real estate sector was only Tk. 408 billion in fiscal 2013-14, but swelled to Tk. 800 billion in fiscal 2019. The real estate and housing sector accounts for 7.8 per cent, or Tk. 1.415 trillion of the country's gross domestic products (GDP).

As part of a scheme to revamp housing sector operations, the government slashed registration fee to 11 per cent from 14-16 per cent of the property's price. In another positive move, the central bank raised the home loan ceiling to Tk. 20 million from Tk. 10 million and also allowed banks to provide loans up to 70 per cent of the property price.

When all firms and companies suffered in one way or the other,

annual report

your company displayed resilience in real terms and kept growing with vigor and potency. Investment portfolio during 2020 reached to Tk. 13,628 million representing an increase of 0.10% over that of the previous year. The operating income increased to Tk 150.73 million which is 25.59% higher upon that of 2019. That pushed the Earnings per Share (EPS) to Tk. 2.75 in 2020 as against Tk. 2.02 in 2019. The increase in operating income and EPS bring the fact to the fore that the managers did indeed successfully exercise policies, strategies and actions worth the requirement of the foul days that we have left behind.

Since shelter constitutes one of the fundamental and basic requirements of humans and Bangladesh has a perennial short supply of houses and dwelling places, this company enjoys almost an irrevocable advantage in its business potential irrespective of the health of the other economic sectors. This is the forte of your company and by virtue of this shield; we could withstand the onslaught of the pandemic and earned profits, saved jobs, kept going and looked ahead with hopes for sustainability.

As usual, the company will consistently engage in observation and analysis of the oscillations in business and financial atmosphere of the country, changes in rules of the game and shall guard against any paradigm shift such as the one the snaking pandemic has triggered, and adjust strategies accordingly. Arresting NPL, strengthening of risk management capacities and tools, and locating new fields of business shall as ever inevitably be taken as one of our cornerstones and reinforced with innovations and strategic management efforts befitting requirements.

With an unflinching financial platform that the very nature of business of this company offers, I think, your company's future shall usher in days when you will most probably savvy your ventures and investments in this company provided you are cautious about putting your affairs in in professionally stout hands to deal with.

You are, perhaps, aware that due to age-driven retirement provisions, I shall be taking leave of you from tomorrow, the 19th of May, 2021. I had the great opportunity to serve this outstanding organization for such a long time, only because you and the honorable Directors and the Chairman chose to allow me to do so. I have the humility to thank you for reposing trust in me for a long time and permitting me to steer it to the position it is now anchored at.

Nothing is stationary on our planet; it's time for me to move and make way for others to take over. Your company will also change colors; there will be reshuffles among yourselves. But, the relationship between us who converged upon this company will agitate our memories so long we live, and to me the memory is going to be priceless valuable because it will hold stories of the last chapter of my career.

To conclude, I thank everybody and every organization I worked with including Bangladesh Bank, RJSC, BSEC, DSE, CSE, CDBL, our Auditors, our customers, and other stakeholders and well-wishers for their support and sympathy.

Thank you.

Md. Khalilur Rahman
Managing Director



DIRECTORS' REPORT

DEAR SHAREHOLDERS

The Board of Directors of National Housing Finance and Investments Limited, have the pleasure to present the Annual Report and Audited Financial Statements of Your Company for the year ended December 31, 2020, together with the Auditors' Report thereon.

The Directors' Report has been prepared in compliance with section 184 of the Companies Act 1994, Corporate Governance Code of BSEC dated 03 June, 2018, the Listing Regulations of DSE and CSE, Guidelines of Bangladesh Bank and other applicable Rules and Regulations. As per BSEC's Corporate Governance Code a separate report titled 'Report on Corporate Governance' is furnished herewith which may be treated as part of this Directors' Report.

2020 was a year that forced the mankind to face unprecedented miseries, maladies, distress and despair ensued by the monstrous COVID-19 pandemic that raged all over the world all through the year. When it is widely and complacently claimed that the human civilization has reached its pinnacle; renaissance of human intellect has taken place; science & technology is at its zenith; the human race is able to shape its fate by virtue of its achievements in building societal relationships based on reasons and arguments, its capacities in capturing realism in theology and philosophy, its success in acquiring and creating wealth – the entire humanity was rendered helpless and struggled to just keep alive at the incidence of the pandemic which constitutes a simple virus.

Survival became the lone agenda concerning the mankind and economic and social issues came second. Consequently, production and consumption of goods and services nosedived to the bottom line, capital markets dwindled all through the year, and incomes dried up, purchasing powers shattered and in many countries and many instances people had to depend on government subsidies for food and other daily necessities.

There was no opportunity that the Bangladeshi scene would be any different than the rest of the world; the status quo of the country in respect of economy, business, social stability, health issues all got shackled up like never before. The priority agenda was to survive first, then undertake other life generating activities. A general lull established over all the activities that characterize a moving society. But, life survives on consumption and for that to take place, certain minimum level of works must go. Fortunately, the Bangladeshi people had the courage and capacity to pull on with some of the works though the pandemic continued threatening havocs. Housing was one of the basic necessity-area where investments continued, albeit depressed.

Your company was successful in exploiting this opportunity and did business generating a fairly good amount of revenue. Its growth was thus maintained during 2020, if not at an inspiring rate. This shows the strength of your company and has emboldened the morale of our Board of Directors and our employees at large. We now know that with steadfastness, quality, hard work and a motivation to quickly adjust with changing external and internal environments we will, Inshallah, be able to cope with adversities and achieve the objectives and goals that you renew and reset as you congregate in the annual general meeting each year.

ECONOMIC REVIEW OF THE FINANCIAL YEAR

WORLD ECONOMY REVIEW

COVID-19 caught the human civilization entirely unawares during 2020 as it started raging over the planet in December, 2019. The world was taken aback by the lethal impact of the pandemic and rendered confused and hesitant as to what to do and how to face the onslaught medically, economically and socially. A global incapacity, a prevalence of forlorn hopes, and a dangerous lack of international co-operation and concerted efforts on the part of world leaders emerged to the dismay of the helpless humanity. As the gestation period of restoration went on, the world had already suffered irreparably on account of loss of lives, loss of income and wealth and loss of organizational mobility.

IMF projected in October, 2020 World Economic Outlook (WEO) Update that global growth would be -4.4 percent in 2020, a less severe contraction than the forecast in the June 2020 WEO. Global growth is projected at 5.2 percent in 2021, a little lower than in the June 2020 WEO Update, reflecting the more moderate downturn projected for 2020 and consistent with expectations of persistent social distancing. Following the contraction in 2020 and recovery in 2021, the level of global GDP in 2021 is expected to be a modest 0.6 percent above that of 2019. The growth projections imply wide negative output gaps and elevated unemployment rates this year and in 2021 across both advanced and emerging market economies. After the rebound in 2021, global growth is expected to gradually slow to about 3.5 percent into the medium term. This implies only limited progress toward catching up to the path of economic activity for 2020-25 projected before the pandemic for both advanced and emerging market and developing economies.

The global economy is climbing out from the depths to which it had plummeted during the Great Lockdown in April. But with the COVID-19 pandemic continuing to spread, many countries have slowed reopening and some are reinstating partial lockdowns to protect susceptible populations. While recovery in China has been faster than expected, the global economy's long ascent back to pre-pandemic levels of activity remains prone to setbacks.

REGIONAL ECONOMY REVIEW

As worked out by the Asian Development Bank (ADB), the overall forecast for Developing Asia (46 ADB member economies across Asia and the Pacific) is a contraction of 0.4% in 2020, less than the 0.7% envisaged in September. Growth will rebound to 6.8% in 2021, but output will remain below what was envisioned before the pandemic.

Highlights of the ADB forecast with respect to the region involving Asia and the Pacific are as follows:

- Developing Asia is now forecast to contract by 0.4% in 2020, less than the 0.7% contraction envisaged in the Asian Development Outlook 2020 Update in September. Growth will rebound to 6.8% in 2021, but prospects diverge within the region
- Projected growth in East Asia in 2020 is upgraded from 1.3% in the Update to 1.6% as the People's Republic of China and Taipei recovered more quickly than expected. Growth in 2021 is still forecast at 7.0%.
- The earlier South Asia forecast for 6.8% contraction is upgraded to 6.1% in line with an improved projection for India, as recovery accelerates, from 9.0% contraction to 8.0%. Growth will return in 2021, at 7.2% in South Asia and 8.0% in India.
- Recovery in Southeast Asia continues to lag as virus containment efforts in the larger economies hamper economic activity. Sub-regional forecasts are downgraded for 2020 from 3.8% contraction to 4.4%, and for 2021 from 5.5% growth to 5.2%.
- Growth forecasts for Central Asia and the Pacific are unchanged from September. Central Asia is still projected to contract by 2.1% this year, and the Pacific economies by 6.1% as global tourism continues to languish.
- Depressed demand and low oil prices will keep regional inflation in check at 2.8% in 2020 and 1.9% in 2021.

The COVID-19 pandemic, which is still impacting South Asia, has severely hampered the flow of productive and other activities in the region. But with people's ingenuity and spirit, Governments have come up sufficiently sensitive to the adversity and undertook elaborate equipoising and counterbalancing steps in the forms of monetary easing, fiscal stimulus, and supportive financial regulations. But the situation is fragile amid weak buffers and exhausted policy tools.

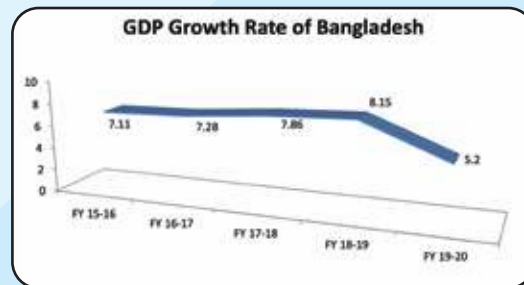
The informal economy in South Asia has been hit hard. Many unorganized workers, self-employed people and microenterprises have experienced a large drop in earnings due to wholesale lockdowns that reduced purchasing powers and almost totally blocked consumer mobility. Informal workers and firms tend to have inadequate mechanisms for coping with short-term demand and supply interruptions due to limited savings and constrained access to finance. While the poor have suffered severely during the crisis, many informal workers in the middle of the income distribution have experienced the greatest drop in earnings. Most of them are not covered by social insurance. The crisis lays bare complicated structural problems in the informal sector that need to be addressed. However, the growth rate of Bangladesh in FY20 was highest in South Asian region.

BANGLADESH ECONOMY REVIEW

GDP Growth

Bangladesh achieved GDP growth of 5.2 percent in FY20, much lower than 8.2 percent in FY19. Though Bangladesh recorded robust growth rates during the last couple of years, the outbreak of COVID-19 pandemic during the FY20 affected national economy adversely, leading to the fall in growth. Following negative impacts of COVID-19, all major sectors witnessed a lower growth. However, in the falling spree, the growth rate in FY20 was highest in South Asian region.

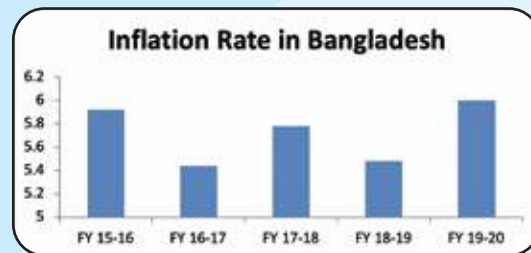
The per capita GDP is estimated to have been Tk. 69,452.1 in FY20. Afterwards, the first positive case of corona virus identified on March and to contain its spread government announced a national general holiday from March 26 to May 30. As a result, economic activities drastically plummeted during the last quarter of FY20 resulting a 2.9 percentage point fall in the growth compared to FY19, which was the largest one-year fall of growth since FY91.



Inflation Rate

Inflation rate has been showing an upward trend in FY20 emanated mostly from uncertainty due to the COVID-19 pandemic. The rate came to 6.0% driven by the increase in food inflation. However, point to point non-food inflation eased to 5.2 percent in June 2020 due to subdued demand for elastic items because of losing employment and cut of salaries.

Inflation Rate in Bangladesh



Inward Remittance

The flow of inward remittances from Bangladeshi nationals working abroad has been playing an important role in strengthening the current account balance. Inward remittance has been showing an upward trend from FY2016-17 after a consecutive three years downward trend from FY2014-15.

Inward remittance increased by 10.9% to USD 18.21 billion in FY2019-20 with majority of the remittance coming from the Gulf Cooperation Council (GCC) countries. While there was an apprehension of contraction in the volume of remittance, that swelled to an extraordinary figure; perhaps, because agonized sojourners wanted to support their families back home to survive the COVID-driven calamity.

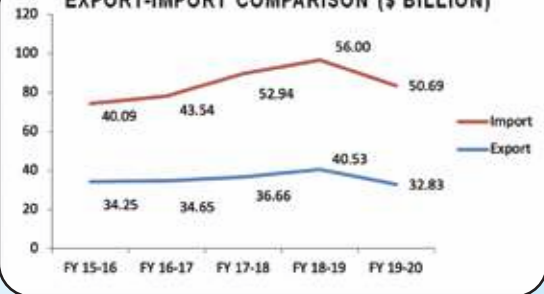
Inward Remittance for the last 05 years (\$billion)



Export – Import

Exports shrank by a larger margin than imports did in FY20. Exports fell by 17.1 percent while imports' decline was 8.6 percent. The total exports in FY20 stood at USD 32.83 billion, which was USD 39.60 billion in FY19. On the other hand, the total imports were USD 50.69 billion in FY20 in contrast to USD 55.44 billion in FY19. As a result, the trade deficit widened further and was recorded USD 17.86 billion in FY20, which was USD 15.84 billion in the preceding fiscal year.

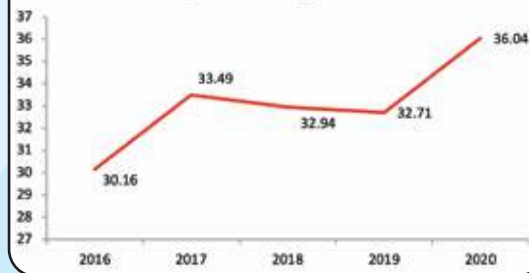
EXPORT-IMPORT COMPARISON (\$ BILLION)



Foreign Exchange Reserve

Foreign exchange reserve has been showing an improving trend from FY2018-19. Foreign exchange reserve stood at USD 36.04 billion in FY20. Increasing inward remittance helped to keep the foreign exchange reserve at a healthy level.

Foreign Exchange Reserve



Loans, Advances and Deposits

Outstanding bank credit (excluding foreign bills and inter-bank items) in FY20 rose by BDT 898.26 billion or 8.95 percent to BDT 10,940.07 billion against the increase of 11.64 percent in FY19. Bank deposits increased by 10.61% to Taka 12,690.99 billion during FY20 against 9.89% increase in FY19.

CAPITAL MARKET ACTIVITIES

The Capital Market and the Money Market are two money-supply mechanisms that have got developed over a long time to provide monetary supports to start-ups and grown-up businesses in the forms of equity and loans and advances so that the new firms can be established and the older ones can go on as going concerns. It was highly satisfactory for a developing country like Bangladesh where resources are in dire shortage, that these two mechanisms almost reached a matured status in the preceding decades. The Money Market, especially, was performing almost at par its counterpart in the Western countries.

Unfortunately, both the markets now are breathing excruciatingly for survival and growth. The Money Market still is walking, though tired with burdens of mismanagement, inordinate political influences and default loans and above all, with the absence of an efficient regulatory and organizational structure. As for the Capital Market, it's almost hopeless. During the last decade, it ventured forward through hurricanes of market manipulations on one hand, and pulled by public hopes and efforts on the other.

Good wishes and good efforts have not yet been successful to win over bad elements of the Capital Market. General confidence could not yet be revived and rebuilt which is the only tool that can bring in buoyancy in the market. Given the low interest rates offered by the Money Market, there is high-investor-propensity to channel funds into the Capital Market, but a widespread fear for losing money has been pushing them away from investing.

The fear of playing fool in the hands of market manipulators remains the main barrier against investor convergence on the market. Internationally accepted efficient systems & structures and rules & regulations applied by transparent operations under the management of qualified, honest, experienced, hardworking, accountable, and well-paid functionaries can possibly mend the ills and mobilize all categories of stakeholders and cause a resurrection of the market.

It is satisfying to see that the concerned quarters are aware of the importance of the capital market and they are struggling to reform and rejuvenate it so business enterprises can collect equity funds from general and specialized investors. The Capital Market comprises of two bourses – Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE), where DSE is the prime mover in ensuring a vibrant capital market which is the bedrock of a modern and internationally active business domain promising expansionary economic operations for the country.

As part of re-invigorating programs, DSE and Shenzhen Stock Exchange jointly designed, developed and launched CNI-DSE Select Index (CDSET) on 30 December 2019. Bangladesh Bank in collaboration with DSE, held on 22 January 2020, the third and final workshop of technical series titled 'Practical Tips for Preparing your Next Report: Bringing it all Together' under Global Report Initiative (GRI). BSEC and ADB jointly organized 4-day-long seminar titled 'Regional Seminar on Financial Literacy and Investor Protection'. In order for reduction of risks of stock exchange transactions, Central Counter Party Bangladesh Limited (CCBL), has been established for clearing and settlement. The period from 26 March, 2020 to 30 May, 2020 has been excluded for all capital market related organizations in counting time for complying securities related obligations to BSEC or stock exchanges except declaration of price sensitive information, by issuing a directive dated June 02, 2020.

DSE Index (DSEX) showed declining trend during the year 2020. The DSE index and the market capitalization decreased to 4452.93 and BDT 3395.51 billion respectively at the end of December 2019. With a downward trend, the index and the market capitalization stood at BDT 3,989.1 and BDT 3,119.7 billion respectively at the end of FY20

MONEY MARKET SCENARIO

The money market in Bangladesh experienced a moderate volatility in FY20. Addressing the demand of banks, on day-to-day basis, BB meticulously used government debt management and open market operations (OMOs) tools to balance the call money market. BB's scrupulous policy measures help banks to maintain liquidity contributing stable weighted average interest rates in the call money market ranging from 3.46 percent to 5.14 percent. During FY20, the volume of interbank call money decreased by BDT 57.99 billion, which was 4.67 percent lowers comparing FY19.

PERFORMANCE OF NON-BANKING FINANCIAL SECTOR

In modern times, people of various income brackets and professions require a host of financial services for business, as well as for satisfaction of personal requirements, ranging from procurement of capital machineries and equipment, loans of short tenor, mortgage loans, procurement of household gadgets and appliances on EMI arrangements, technical services for fund management and investment, augmented income from high interest rates on term deposits etc. And they need these services on call and on smart delivery mechanisms.

Banks as large financial services hubs, generally have lengthy, complicated and tighter security arrangements for offering services. Here the Non-Bank Financial Institutions (NBFI) come in to bridge the gap of the need for quicker, smarter, personalized services with appropriate response to the need of the time. NBFIs are investing in different sectors of the economy, with primary concentration in industrial sector and secondary involvement in real estate sector.

As smaller organizations, NBFIs are in a position to offer and manage a multitude of financial services with capacity to satisfy constantly changing demands of the customers and thus they have consolidated their seat in the ever expanding national financial markets. A good number of NBFIs are present in the capital market and are creating investment and resultant income opportunities for interested investors which contributes to employment, industrialization and boosts the services sector.

At present, in Bangladesh there are 35 NBFIs (including Peoples Leasing & Financial Services Limited, which are under liquidation process). Out of the 35, 3 are Government-owned organizations, 13 are joint ventures and the rest 19 are privately-owned local entities. These NBFIs have so far developed a network of 276 branches as on 30 June 2020, positioned at prominent places with prospects for delivery of best possible services to deserving seekers.

Total Asset

The total asset of the non-banking financial institution sector stood at BDT 860.33 billion in June, 2020, a decrease by 1.3% from BDT 871.50 billion in December 2019.

Loans and Advances

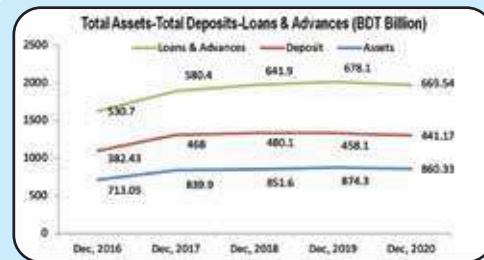
The total loans and advances of the non-banking financial institution sector stood at BDT 669.54 billion in June 2020, a decrease by 1.26% from BDT 678.10 billion in December 2019. Total loans and advances of the Industry constituted 77.82% of total asset in June 2020.

Total Deposits

Total deposits of the NBFIs at the end of December 2019 went down to BDT 451.93 billion (60.00 percent of total liabilities) from BDT 466.26 billion (63.03 percent of total liabilities) at the end of 2018 showing an overall decrease of 3.07 percent. At the end of June 2020, total deposit of NBFIs stood at BDT 441.17 billion.

NBFIs are allowed to invest in the capital market upto 25 percent of paid up capital. In December 2019, all NBFIs' total investment in capital market was Taka 18.83 billion compared to Taka 17.74 billion in December 2018. Investment in capital market accounted for 2.09 percent of the total assets of all NBFIs. At the end of June 2019, NBFIs total investment in capital market stood at Taka 17.98 billion.

NBFIs are allowed to mobilize term deposit only. Term liabilities are subject to a statutory liquidity requirement (SLR) of 5.0 percent inclusive of average 2.5 percent (at least 2.0 percent in each day) cash reserve ratio (CRR) on bi-weekly basis. The SLR for the NBFIs operating without taking term deposit is 2.5 percent. Note that at the end of FY 20, in order to mitigate the impacts of COVID-19 on financial institutions and their clients, the Cash Reserve Requirement (CRR) was lowered from 2.50 percent to 1.50 percent on bi-weekly basis and from 2.00 percent to 1.00 percent on daily basis to increase liquidity of the financial institutions.



INDUSTRY OUTLOOK

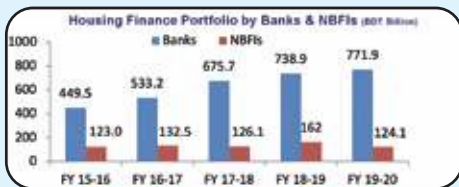
HOUSING FINANCE

Movements in investments in the Housing Sector and in construction and possession of physical properties serve as vivid indicators as to the vibrancy of any economy. This is more so for Bangladesh, because it is geographically a small country (land area: 130, 170 square Km) with a very large population. With an estimated population of 165, 966, 798, Bangladesh ranks 8th in the list all countries and holds 2.11% of world population as per UN data elaborated by World meter, a US based provider of world statistics. Population density is 1265 persons per square Km, and 39.4% of the population leaves in urban areas.

Big population and small land mass, and a swelling urban population make it imperative for the country to make way for rapid development of dwelling houses, business accommodations, community installations like stadiums, transport stations, hospitals, markets, roads, bridges, office blocks, entertainment destinations, schools, colleges, universities, and settlements for the army and other disciplinary forces etc.

Land-population ratio in the country, especially in its urban areas is measurably low meaning there is significant scarcity of landed properties in urban areas. This has caused wide scale incidence of vertical real estate developments involving construction of high-rise buildings accommodating large numbers of flats, apartments and office spaces under efficient use of land and construction materials. Such constructions call for investments of great sums of money on the part of developers and purchasers. Demand for money would drive demands up for housing and construction loans and credits. These are prominent signs that the business opportunities for lenders and investors in the real estate sector would remarkably bolster in days ahead.

Total Housing Finance increased from BDT 486.30 billion in 2014-15 to BDT 930.3 billion in 2019-20 representing a growth of 91.30 %. Housing Finance by NBFIs increased from BDT 94.30 billion in 2014-15 to BDT 124.10 billion in 2019-20 representing a growth of 31.60%. Contribution of the NBFIs in the total national outlay in 2014-15 (486.30 billion) and 2019-20 (930.30 billion) was 19.39% and 13.34% respectively.



According to CIA World Factbook, Bangladesh's current population is largely skewed towards youthfulness. Median age of the population is 27.9 years. The demographic distribution of population by age stands as follows:

POPULATION AGE STRUCTURE OF BANGLADESH

Age range	Number	Percentage
0-14 years	43, 077, 226	26. 48%
15-24 years	30, 188, 420	18. 56%
25-54 years	66, 229, 910	40. 72%
55-64 years	12, 057, 681	7. 42%
65 years and over	11, 097, 617	6. 82%
Total	162, 650, 854	100.00%

Source: CIA World Factbook, (2020 est.)

The ongoing demographic features of Bangladesh are very promising: the available data shows that population within the age brackets of 0-14 years, 15-24 years, and 25-54 years constitute 26.48%, 18.56% and 40.72% respectively. Impact of this demographic feature translated into real life potential presents a huge advantage for the country in the near and long drawn future if the nation succeeds in planning and utilizing this natural booty. The business and economic activities already undertaken by these young people and the future activities that will ensue are most likely to initiate a Grand National journey towards creation and possession of great amounts of wealth and resources. Increased resources in the hands of the public are expected to create demand for houses, apartments and other similar properties. If no great failure overtakes the nation and if no colossal disaster overwhelms, increased business potential for NHFI can safely be forecasted in years and even decades to come.

With the increase of educated population and the emergence of a vibrant middle-class in the society, the prospects for housing sector business is also expected to enhance over time. Educated people with sufficient disposable income and access to loans and allied services, and exposure to modern amenities and styles of life are prone to aspire for and work hard to buy and live in own houses. This cosmopolitan social trend has additionally been expanding the limit of housing sector business, which is logically putting a demand-pull pressure on credit supply for house building and apartment purchases creating a buoyancy for lenders and suppliers. All these are good omens for businesses like National Housing and are surely reasons for encouragement for all of us – partners, shareholders and stakeholders of all varieties.

Good news entails discouraging news also: COVID-caused depression in business and financial activities has resulted in lean cash-flows in and out of the market. Unemployment and business setbacks have enormously reduced incomes. That is leading clients to evade repayments and thereby turning repayment masters into defaulters. Tenants who have gone unemployed or are earning less are failing to pay house rents in proper amounts and time forcing house owners to go delinquent in repayment of loans and credits destabilizing the housing finance market. There are options to solve these problems by granting moratorium for repayment, re-structuring credits, providing refinancing facilities and financial packages on the part of the government to the really affected borrowers and lenders. Concerned quarters are, reassuringly, considering the options and in instances already are implementing such schemes on the basis of merit of disparate cases.

The banking sector is now playing a mammoth role in the housing sector, but the growth rate of NBFI shows an ascending trend at the same time. Investments in real estate schemes are secured as evidenced by data and statistics, and Banks enjoy an advantage of cost of fund over NBFIs. These determinants have been prompting Banks to redirecting increased amounts of funds to this sector. These Banks served as market leaders with BDT 489.30 billion in outstanding housing loans as of June 2020. The SCBs had the second largest amount of BDT 242.00 billion and other banks (foreign & specialized) had BDT 40.60 billion in total as of June 2020.

Availability of huge funds for building and buying houses as a result of operations of banks has caused a demand-pull effect on the market enticing in new customers. Besides the general NBFIs, two private sector specialized housing finance companies including National Housing Finance and Investments Ltd. and Delta Brac Housing Finance Corporation Ltd. (NHFIL & DBH), and the lone state owned housing finance organization, namely House Building Finance Corporation are operating in the market contributing remarkably to meet the financial requirements of individual and corporate clients.

KEY STRENGTHS OF NHFIL

We operate only in the housing finance sector; we specialize in this sector unlike banks and other NBFIs; this is our forte. Our organizational knowledge and skill spanning every nook and cranny of the housing finance sector come as a great support – with kind of a consoling effect in their long drawn and arduous efforts – to customers who venture into building or buying their own dwelling places, or structures for commercial purposes. Consequently, NHFIL has been successful in fabricating a brand image and niche in the market entirely unrivalled by other funding agencies.

This has helped us stay ahead in a highly competitive market. The consumer relationships we have built overtime, the high quality of services that we provide to our clients in terms of convenience and flexibility, and our focus on collections and controlling of non-performing loans (NPLs) have all contributed to increase in our revenues and profits, and in turn, creation of value for our shareholders.

Our proper and prompt services serve as our advertisements: our employees are fully geared by virtue of relevant knowledge, skill, experience and a motivational status of mind inculcated by constant training and counseling to follow through the best practices while dealing with customers. This is fine-tuned by our Board of Directors when they offer their advices and guidance and put forward policies and operational strategies.

Endurance and Consistency in Operation – that is the commitment and ability to respond to each and every query for assistance. **Financial Strength** – that is the ability to perpetually maintain sufficient liquidity and disbursing credits as and when sought for; and **Quality** – that is the ability to deliver easy, quick, and need-based hassle-free services to customers are our precious attainments that have earned us a brand name in the housing finance market and commensurately paying off our investors, and all stakeholders including the employees who are painstakingly managing the affairs of the company.

HUMAN RESOURCES- A VITAL ELEMENT TO NHFIL'S SUCCESS

At NHFIL, at the very heart of our culture lies the ambition to stay at the top of the curve. And the only way to do so is to empower our most valuable asset – our human resources. Our organization is in the practice of executing on-the-job and off-the-job training and views-sharing sessions in order that employee skill and morale could be kept updated and refined. Talent and knowledge management activities form the most important agenda of the company and under a succession plan, a pipeline for supply of fresh hands and handpicked professionals is maintained, so gaps and vacancies could be filled in as soon as there is any requirement and urgency. This helps shun setbacks and keep works flowing smoothly. As we focus on enhancing productivity, we are increasingly linking Key Performance Indicators (KPIs) with compensation and incentives, fostering an environment that inspires decentralized decisions and a culture of cost consciousness and value addition in whatever we do.

In a highly competitive marketplace, we are also constantly looking at attracting and retaining the best talents. We believe, in addition to offering lucrative compensation packages, ensuring a challenging workplace environment that thrives on ideas, innovation and collaboration is critical to prevent frequent drop outs and retain best minds and best hands. These policies are paying us all and it is expected that framing, adjusting and adhering to such policies will in all possibilities greatly contribute to achieving company objectives, targeted growth and the desired position in the market in terms of brand image, image as a coveted employer, stability in financial and management status, and above all a company with commercial and social commitments and contributions.

SOME OF THE TECHNOLOGICAL INNOVATIONS ADOPTED BY NHFI

- Increasing technology leverage to fully automate the indigenously developed credit appraisal and assessment that not only helps us proactively identify infected areas and take corrective measures, but also helps us in extensive portfolio and database analysis with a view to identifying cross selling opportunities and enlarge our loans exposure to quality accounts. With the online appraisal in place, we have also quickened our loan disbursement time and this has greatly benefitted us in terms of providing superior customer service and claiming wider customer loyalty.
- Enhancing customer service through our dedicated customer relationship management teams that regularly visit and stay in touch with our customers to identify their requirements and also provide advisory services. We are also looking at providing seamless and uniform services to our customers across all our branches as we focus on minimizing their need to visit us, thereby enhancing their convenience. A customer experience team has been formed to monitor activities of the relationship teams so that objectives in this regard are realized.
- Apart from these initiatives, we are continuously looking into opportunities of process re-engineering. The aim of this is to do away with inefficiencies that might exist in any of our operational processes, thereby lower costs and create more value for our shareholders, as well as provide faster solutions to our customers' issues. A change management team has been formed to oversee this transformation.

INTERNAL CONTROLS

NHFI 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. The Board of Directors have the responsibility for reviewing and approving the overall business strategies and major policies of the Company. Senior management has the responsibility for implementing strategies and policies approved by the board. Your company ensures that a reasonably effective internal control framework operates throughout the organization, which provides assurance with regard to safeguarding the assets, reliability of financial and operational information, and execution of the transactions in compliance with the authorized internal policies and strategies. The Board of Directors has instituted comprehensive systems of internal control for identifying, recording, evaluating and managing the risks faced by NHFI throughout the year. The Board meticulously monitors the impact of internal control functions and comes up with suggestions containing corrective measures from time to time.

RISK MANAGEMENT

NHFI has an ongoing process in place to identify, evaluate and manage Foreseeable Material Risk Factors. This process is detailed in the Risk Management Report. 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 pursuant to Clause 5 (XXVII) of BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 the Company's compliance status is shown in Annexure.

ENVIRONMENT FRIENDLY POLICY ADOPTED BY NHFI

While the whole world is anxious about greenhouse effect and the impact of climate change on human civilization, we have started to explore the emerging possibilities of "Green Finance." In a bid to answer responsibly to the climate change issues – particularly, the threats facing Bangladesh which is a small landmass forming a low lying delta called Ganges-Brahmaputra-Meghna Delta (GBM Delta) – we are sincerely exploring the scope and size of the business portfolio comprising green buildings, renewable energy and energy-efficient projects, waste management capacity development, initiatives to ensure safety and security of factory workers etc. The global climate and for that matter the climate of Bangladesh consists of an intensely connected network of the sun, earth, oceans, wind, rains, snow, forests, deserts, savannahs and very importantly, what we, the mankind do living in this network. As a pivotal element of the global climate system human actions bear great influence (positive and negative) on the global climate and have been causing perversions like abrupt sea-level rise, rise in temperature, excessive rainfall, drought, frequent incidence of floods & cyclones, worsening health hazards, and so on. We fully appreciate the gravity of these looming problems of colossal scales and thus, our Board has clear instructions to engage under a prioritized approach in "Green Finance" whenever and wherever possible and the company is poised accordingly.

TRAINING PROGRAM OF DIRECTORS

NHFI is fully committed to maintain highest standards of Corporate Governance and Professionalism in driving the FI's progress on the principles of transparency and openness. For this purpose, training at home and abroad, especially on Corporate Governance is encouraged by the Board. As such, whenever opportunities arise, FI utilizes the same to train and orient its members.

It is expected that all Directors have an understanding of NHFI's business model and the key challenges facing the Group as a whole, as this allows them to make informed contributions to the Company. The Chairman ensures that all Directors receive a full, formal and tailored induction on joining the Board, facilitated by the senior management and comprising:

- A formal corporate induction, including an introduction to the Board, and a detailed overview of NHFI, its strategy, operational structures, and business activities, and
- The roles and responsibilities of a Director, including statutory duties and responsibilities as per the code of conduct duly approved by the Board;
- A comprehensive induction program tailored by the Chairman and meetings with senior executives across NHFI and sessions with NHFI's business divisions to provide a vivid idea of corporate objectives and goals and responsibilities of Directors in respect of internal and external stakeholders, regulators and government agencies, and the communication media ; and
- A code of conduct adopted by the Board for compliance on the part of the Directors.

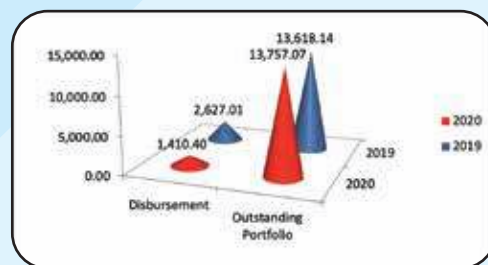
Besides, all relevant regulations promulgated/circulated from time to time by the concerned authorities are placed to the meeting of the Board on a regular basis to keep the members updated.

OPERATIONAL OVERVIEW OF NATIONAL HOUSING

National Housing has been able to maintain a stable business volume during 2020 which can be seen from the data furnished below:

(Amount in BDT Million)

Particulars	2020		2019	
	Disbursement	Outstanding Portfolio	Disbursement	Outstanding Portfolio
Home mortgage loan	1,344.77	12,752.10	2,540.13	12,516.49
Lease & Term finance including SME and other	65.63	1,004.97	86.88	1,101.65
Total:	1,410.40	13,757.07	2,627.01	13,618.14



The total portfolio of the Company reached to Tk. 13,757.07 million from Tk. 13,618.14 million during 2020, registering a growth rate of 1.02%.

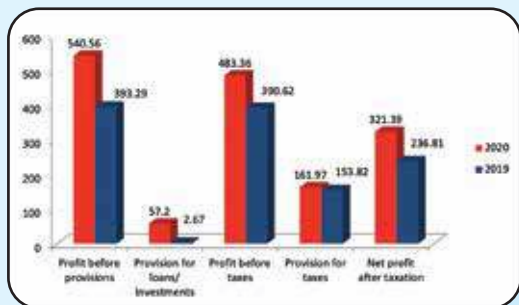
The demand for houses in urban areas in a developing country like Bangladesh has been dramatically increasing due to a modern process of urbanization and fast economic growth. Rural people are migrating not only to find jobs, but many wealthy people are moving to urban areas for fulfillment of their expectations for betterment of the lives of their future generations and for enjoying the modern facilities of city life. International migrations are also keeping strong impacts serving as a conduit for a flood of remittance, a part of which in turn flows to the housing sector for purchase and/or construction of houses and apartments.

FINANCIAL PERFORMANCE DURING THE YEAR 2020

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

(Amount in BDT Million)

Particulars	2020					2019
	Q1	Q2	Q3	Q4	Yearly	
Net interest income	119.36	93.64	130.88	222.50	566.37	565.82
Total operating income	135.96	107.46	205.47	290.81	739.70	588.97
Total operating expenses	47.54	48.20	48.51	54.87	199.13	195.68
Profit before provisions	88.42	59.56	156.95	235.94	540.56	393.29
Provision for loans/ Investments	0.69	0.74	(21.16)	76.93	57.20	2.67
Profit before taxes	87.73	58.52	178.11	159.01	483.36	390.62
Provision for taxes	31.92	20.73	22.09	87.23	161.97	153.82
Net profit after taxation	55.81	37.79	156.02	71.77	321.39	236.81



RESERVES

A summary of the reserves of National Housing is as follow:

Particulars	Amount in Million BDT	
	2020	2019
Statutory Reserve	578.18	513.90
Retained Earnings	348.00	207.92
Total Reserves	926.18	721.82

The quarterly performance of NHFIL was variant in nature, which is clearly observable from the table above. We maintained our prime strategic goal of "value management". In addition to the continued liquidity pressures from the year 2019 and market pressure from implementation of interest capping policy, came the onslaught of the pandemic. Considering this uncertain operating environment, it was key for us to focus on effective portfolio management, collection, and a stronghold on Non-Performing Loans (NPL) management. With the combined effort of government measures, drives from our Treasury, Wealth Management divisions and all the employees of the company, we were able to take a grip on the situation and collect considerable funds. This we focused to government securities that allowed us to finally book BDT 84.02 million of tax-free gain and BDT 70.05 million of interest income from that managed to a Net Profit after Tax of BDT 321.39 million at the end of the year.

It is on the back of our efficient Treasury management of money market and bond market that enabled us to make the strategic shift towards tax-free government treasury bonds. As reflected in the Table above, our Other Operating Income significantly increased by 25.59% in comparison to 2019.

Operating Expenses increased in the first three quarters by increasing advertisement costs, curtailing general operating expenses. However, with improvement in the business environment, significantly improved collection rates we took up brand strengthening and advertisement initiatives in the last quarter, contributing to the 4.65% increase in Operating Expenses. It needs to be mentioned here that despite the general trend, we did not opt for reduction in Operating Expenses through downsizing "Salaries and Allowances". In hindsight, we went ahead with the planned promotions in the third quarter and on-boarded the committed recruitments in order to retain confidence in our employees and other stakeholders. They were routed towards collection and deposit booking that helped us to enhance our liquidity position.

The Provision for loans/investment was impacted by the government intervention to safeguard borrowers from the sudden and massive economic impact of the pandemic. This can specifically be witnessed in the first three quarters. Although the intervention continued throughout 2020, we prudently considered additional provisions in the last quarter, in order to safeguard the interest of the company and shareholders, after carefully assessing recoverability of the borrowers. Although this played a part in attaining the 35.72% growth in Net Profit After Tax (by BDT 84.58 million from 2019) as well as total reserve growth 28.31% (by BDT 204.36million from 2019), but the prime reason remains the growth in our total operating income.

DEVELOPMENT ACTIVITIES

A number of measures were taken for business promotion during 2020. NHFIL strengthened its marketing activities by appointing an increased number of business associates in its marketing team. Besides, a number of MOUs were signed with promising real estate developer companies to procure new businesses. NHFIL has also planned for opening some sales centers.

FINANCIAL STATEMENTS

The Financial Statements of NHFIL have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) adopted by the Institute of Chartered Accountants of Bangladesh, and complying the requirements of DFIM circular No # 11 dated 23 December 2009 issued by Department of Financial Institutions and Markets of Bangladesh Bank and Bangladesh Bank's other circulars and guidelines, the Companies Act 1994, the Securities and Exchange Rules 1987, the listing regulations of Dhaka and Chittagong Stock Exchanges 2015. The aforementioned Financial Statements for the year ended 31 December, 2020 duly signed by the Chairman, Managing Director, an Independent Director and a Director are given.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of Financial Statements of NHFIL to reflect a true and fair view of its state of affairs. This report has been prepared in conformity with the requirements of the Bangladesh Financial Reporting Standards, the Companies Act 1994, the Financial Institutions Act 1993, the Listing Regulations of DSE and CSE, Bangladesh Bank's Guidelines and the Corporate Governance Code. The Statement of Directors' Responsibility for Financial Reporting is given in the corporate governance report that forms an integral part of the report of the Board of Directors.

AUDITOR'S REPORT

The Auditor of NHFIL is M/s Islam Aftab Kamrul & Co. Chartered Accountants. M/s Islam Aftab Kamrul & Co. carried out the audit on the Financial Statements of NHFIL for the year ended 31 December, 2020 and their report on those Financial Statements, as required by the Companies Act 1994 is given.

SIGNIFICANT ACCOUNTING POLICIES

Significant Accounting policies adopted in the preparation of the Financial Statements have been stated in the noted to the Financial Statements in compliance with provisions of BFRSs and the Companies Act 1994.

GOING CONCERN

The Directors, after making necessary inquiries and reviews including analysis of the budget for the ensuing year, capital expenditure requirements, future prospects and risks, cash flows and such other matters required to be addressed in the Code of Best Practices on Corporate Governance issued jointly by the Institute of Chartered Accountants of Bangladesh and the Bangladesh Securities and Exchange Commission, have concluded that NHFL has adequate resources to continue operations into the future protecting and promoting the business interests of all shareholders and stakeholders. They also assume based on accounting facts and figures that the financial status of the company is stable enough to pay for its obligations in the foreseeable future, bear operational expenses and hold onto business in the face of unfavorable conditions and that there is no accounting or financial indications that the company may encounter any setback, or threat of closure or liquidation in the near future. Accordingly, they have adopted the principles of Going Concern in preparing the Financial Statements. Details about going concern assessment of NHFL are presented in Statement of Going Concern.

CAPITAL EXPENDITURE

Total capital expenditure on acquisition of property, plant and equipment and intangible assets of NHFL as at 31 December 2020 amounted to BDT 319.66 million which were BDT 313.59 million as at 31 December 2019. Details are given in Annexure-A of Financial Statements.

INTEREST IN OTHER ENTITIES

According to IFRS 12, National Housing Finance and Investments Ltd. does not have any interest in other entities.

RELATED PARTY TRANSACTIONS

Directors have also disclosed transactions that could be classified as Related Party Transactions in terms of Bangladesh Accounting Standard - BAS 24 (Related Party Disclosure) which is adopted in preparation of the Financial Statements. Those transactions disclosed by the Directors are given in note number 53 to the Financial Statements that form an integral part of the Annual Report.

CREDIT RATING

On 27 August, 2020, CRAB assigned 'A1' rating in the Long Term and 'ST-1' in the Short Term to the Company based on financial statements up to 31 December, 2019. Banks/FIs rated as 'A1' (Strong Capacity & High Quality) have strong capacity to meet financial commitments, maintain high quality, with low credit risk, but are susceptible to adverse changes in circumstances and economic conditions. In Short Term Rating Scales and Definitions ST-1 (Average Grade) means average capacity for timely repayment of obligations.

ADDITIONAL DISCLOSURES

The Directors do hereby confirm, in accordance with BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated 3 June, 2018, that compliance with the applicable financial reporting framework has been ensured as follows:

- ▶ The financial statements prepared by the management 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 that the accounting estimates are based on reasonable and prudent judgment;
- ▶ International Accounting Standards and International Financial Reporting Standards, as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;
- ▶ The system of internal control is sound in design and has been effectively implemented and monitored;

- ▶ Key operating and financial data of at least preceding five (5) years have been disclosed;
- ▶ There are no significant doubts upon the Company's ability to continue as a going concern;
- ▶ There are no significant changes in the Company's fixed assets and the market value;
- ▶ 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.

SUBSEQUENT EVENTS-DISCLOSURE UNDER BAS 10: "EVENTS AFTER THE BALANCE SHEET DATE"

"The Board of Directors in its 225th Board Meeting held on 24 March, 2021 recommended 15% cash dividend subject to the approval of the shareholders at the 22nd Annual General Meeting."

DIRECTORS

In terms of the Shareholders' Agreement, the following Directors intend to retire at the 22nd AGM:

SL#	Directors to Retire	Organization Represented
01	Mr. Syed M. Altaf Hossain	Pragati Insurance Ltd.
02	Mr. Azmal Hossain	Eastern Insurance Co. Ltd.

National Life Insurance Company Limited has withdrawn the nomination of Mr. Morshed Alam MP. Hence they nominated Mr. Md. Kazim Uddin, Chief Executive Office instead of Mr. Morshed Alam MP. Therefore, the following shareholders' representatives being eligible for re-election/election as Director have expressed their interest for election as Director in the 22nd AGM:

SL#	Directors to be elected/re-elected	Organization Represented
01	Mr. Syed M. Altaf Hossain	Pragati Insurance Ltd.
02	Mr. Azmal Hossain	Eastern Insurance Co. Ltd.
03	Mr. Md. Kazim Uddin	National Life Insurance Company Limited

SHAREHOLDING PATTERN

NHFL's shareholding pattern as on December 31, 2020, is disclosed in the Report on Corporate Governance.

BOARD MEETING AND ATTENDANCE BY THE DIRECTORS

During the year 2020, a total of 7 meetings of the Board were held. Attendance of the Directors is disclosed in the Report on Corporate Governance.

REMUNERATION OF DIRECTORS INCLUDING INDEPENDENT DIRECTORS

Summary of remuneration paid to the Directors including Independent Directors is stated in the Report on Corporate Governance.

PROPOSED DIVIDEND

NHFL has earned a net profit after tax of TK. 321.39 million as against TK. 236.81 million in the previous year. The Board of Directors recommended 15.00% Cash Dividend i.e. TK. 1.50 for each share for the year ended 31 December, 2020, subject to approval at the 22nd Annual General Meeting. The Board hereby states that no stock dividend as interim dividend was considered during the year or will be considered in future.

MINORITY INTERESTS

In compliance with code 1(5) (xvi) of the corporate governance code, the Board hereby confirms that the interests of the minority shareholders have been duly protected in the Company.

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.

AUDITORS

M/s. Ahmed Zaker & Co. (Member of Geneva Group International), Chartered Accountant was appointed as Statutory Auditor of the company by the shareholder in their 21st AGM held on 20.09.2020 for the year 2020. The appointment was made after receiving NOC from Bangladesh Bank vide letter no. DFIM(c)/1054/38/2020-1395 dated 20.08.2020. Subsequently, the Auditor started their Audit work from December 14, 2020. Meanwhile, Bangladesh Bank published an Auditors' panel wherein it de-listed M/s. Ahmed Zaker & Co. from its panel. Subsequently, Bangladesh Bank issued a letter no. DFIM(C)1054/38/2020-2288, dated: 27.12.2020 to change the Statutory Auditor.

In view of the above, the Board of Directors in its 22nd meeting held on 30.12.2020 declared the office of Company's Statutory Auditor M/s. Ahmed Zaker & Co., Chartered Accountant vacant with immediate effect. The Board of Directors in its 22nd meeting dated 14.01.2021 appointed M/s Islam Aftab Kamrul & Co. Chartered Accountants to fill up the casual vacancy of the office of statutory auditor under sec: 210 (7) of the Companies Act 1994.

The Company's Auditors, M/s Islam Aftab Kamrul & Co. Chartered Accountants shall retire at the 22nd AGM. Being eligible, they have expressed interest for re-appointment for the year 2021. Upon appraisal by the Audit Committee, the Board of Directors of the Company recommended the re-appointment of M/s Islam Aftab Kamrul & Co. Chartered Accountants for the year 2021 at a remuneration of Tk. 275,000.00 excluding VAT.

COMPLIANCE AUDITORS

The Compliance Auditors, M/s. SARashid & Associates, Chartered Secretaries have expressed their interest to be appointed as Compliance Auditors of the Company. Upon appraisal by the Audit Committee, the Board of Directors of the Company recommended the appointment of M/s. SARashid & Associates, Chartered Secretaries, for the year 2021.

APPRECIATION

Dear Shareholders and Colleagues:

The very advancement of human civilization is evidence that humans have historically achieved what it aspired for only by holding to 3 Cs – cooperation, collaboration and concerted efforts. At your Company, what you and all of us have done represents nothing but close co-operation, partnership and a splendid teamwork in accomplishing our objectives of gaining resources and sustaining steady growth through provision of services to our valued clients to their satisfaction. This co-operation and goodwill among us is the essence of our success, even in the face of the catastrophic COVID-19.

We will never perish if we hold each other's hand through good times and adversities. I pray, Allah preserves our relationship in good humility and productiveness.

Thank you.



Mahbubur Rahman
Chairman
Dhaka, Dated March 24, 2021

AUDIT COMMITTEE REPORT

Composition of the Audit Committee

- The Board of Directors of National Housing Finance and Investments Limited constituted an Audit Committee as a sub-committee of the Board. The Board re-constitutes the Audit Committee from time to time. The Audit Committee of the Company was re-constituted on 28 October, 2020.
- Present Composition of the Audit Committee is as follows :

No.	Name & Description of the Members	Designation
1	Mr. Abdul-Muyeed Chowdhury Independent Director	Chairman
2	Mr. Md. Kabir Reza, FCMA Director Nominated by Square Pharmaceuticals Ltd.	Member
3	Mr. Akhtar Ahmed Director Nominated by Reliance Insurance Ltd.	Member
4	Mr. Azmal Hossain Director Nominated by Eastern Insurance Co. Ltd.	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.

Meetings of the Audit Committee

- During the year 2020, the Committee had its 2 (two) meetings on 21.07.2020 and 25.10.2020, and due to COVID-19 Pandemic, other 2 (two) meetings could not be held. Attendance of the Members was as follows :

Name & Description	No. of Meetings	
	Held	Attended
Dr. Toufic Ahmad Choudhury [Chairman till 30.11.2020]	2	2
Mr. Abdul-Muyeed Chowdhury [Member w.e.f. 28.10.2020, Chairman w.e.f. 01.12.2020]	-	-
Mr. Md. Kabir Reza, FCMA [Member]	2	2
Mr. Akhtar Ahmed [Member]	2	2
Mr. Azmal Hossain [Member]	2	2

- Mr. Md. Khalilur Rahman, Managing Director and Mr. Prabir Shel, Head of ICC were present in the meetings of the Committee.
- Minutes of the Committee are properly recorded.

Functions and Activities of the Audit Committee

In order to discharge the duties and responsibilities of the Audit Committee, the Committee-

- overseen 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;
- overseen 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;
- overseen 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 the committee recommended to the Board for appointment of M/s. Ahmed Zaker & Co. (Member of Geneva Group International), Chartered Accountant, as Auditor at the 21st AGM on 20 September 2020.
- 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 Account;
- 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 as prevailing;

Reporting of the Committee

- The audit committee reports on its activities to the Board of Directors. The audit committee immediately reports to the Board of Directors on the following findings, if any:
- 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 or any fraud, 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

Dhaka, Dated March 21, 2021

REPORT ON CORPORATE GOVERNANCE



BOARD OF DIRECTORS, CHAIRMAN AND MANAGING DIRECTOR

NHFIL's policy on appointment of Directors

In relation to the selection and appointment of new Director, the existing Board of Directors possess the following duties and responsibilities:

- 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;
- Appoint a new Director according to the required competencies of the Board;
- The Directors are appointed by the shareholders in the Annual General Meeting (AGM).
- Vacancies, if any, are filled by the Board in accordance to the Companies Act, 1994, and the Articles of Association of the Company;
- The Managing Director is appointed by the Board subject to approval of Bangladesh Bank;

The Chairman of the Board and the Managing Director of the Company are different individuals

The Chairman and the Managing Director are separate individuals. The role of the Chairman and the CEO & Managing Director are indepdte.

Role and responsibilities of the Chairman as defined by the Board

The Chairman is taking care of the Board of Directors. The Chairman serves as the primary link between the Board and the management and works with the Managing Director and Company Secretary to set the agenda for the Board meetings. It is the Chairman's responsibility to provide leadership to the Board and ensure that the Board works effectively and discharges its responsibilities as Directors of the Company. The role and responsibilities of the Chairman of the Board is defined and set by the Board.

Appraisal of performance of the Board

Both new and existing Directors are provided with the Code of Conduct for the Board members on general aspects of their Directorship and industry-specific matters. Moreover, the Board is immediately informed of any new rules, regulations and/ or changes in existing regulations. 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. Evaluation of the Board's performance is conducted by analysing the performance of the projects and proposals approved by it. A quarterly review of classified and non-performing loans is always made by the Board to find out deviations and embrace course of corrections, if any.

Annual evaluation of the Managing Director by the Board

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

VISION/MISSION AND STRATEGY

Vision/Mission approved by Directors

The Board of Directors has approved the vision and mission statements of National Housing and strictly maintains it and ensures every individual in the organization complies with them. There is strong belief about it within the organization. The Vision and Mission statements can be found on page in this annual report.

Business objectives and areas of business focus

NHFIL's Board always sets business objectives and areas of concentration are set according to their own objectives and the market condition. The latest business objectives and areas of business focus can be found in the annual report.

Strategies to achieve the business objectives

A Strategic Plan is set up by NHFL at the start of the financial year to align with the business objectives and strategies for the year. The Board always gives direction to the management of the NHFL on how it is to be managed for the upcoming year. Strategies set to achieve the business objectives can be found in the annual report.

AUDIT COMMITTEE

Composition of the Audit Committee:

As per BSEC notification no, BSEC/CMRRCD/2006-158/207/Admin/80 dated 3rd June 2018 on Corporate Governance Code and Bangladesh Bank Guidelines. The Current Audit Committee consists of 4 members (all being non-Executive Directors) including 1 independent director.

Audit Committee Chairman is an independent Non-Executive Director

The Chairman of the Audit Committee is an independent non executive Director who is not involved in the day to day operations of the Company. He is an experienced individual and qualified to be the Chairman of the Audit Committee.

Internal Audit activity

The Audit Committee follows terms of reference (ToR) defining its roles and responsibilities to function effectively and smoothly. The committee is empowered to investigate/question employees and retain external counsel if required.

All members 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. A member of the audit committee is a fellow Cost and Management Accountant; hence he brings a high level of expertise in the areas of finance and accounting to the committee.

Head of Internal Audit's access in the Audit Committee

In NHFL the duties and responsibilities of Head of Internal Audit functions are vested upon Head the Internal Control and Compliance (ICC) who has always access to the audit committee and can raise his concerns whenever required.

Ensure 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 Bangladesh Financial Reporting Standards, International Financial Reporting Standards and Bangladesh Accounting Standards in all substantial aspects. Based on its review and consultations with management and external auditors. External Auditors are requested to attain the audit committee meeting where financial statements of National Housing is placed for review and recommendation. The Committee also implements an annual assessment of the efficiency of the Company's internal Audit functions and certifies that internal audit has sufficient resources to accomplish its duties.

The external auditors always maintain communication 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.

The Audit Committee has quite a few roles regarding the external audit functions;

Ensure independence of external audit function

The auditors of National Housing Finance and Investment Limited must be independent. Audit committee is familiar with the statutory and regulatory independence requirements for auditors. It is important the auditor is technically competent and exercise a high level of objectivity and professional Skepticism. The Audit Committee's interactions with the auditors during the audit to evaluate whether the auditors demonstrated integrity, objectivity and professional skepticism as stated above.

Review 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.

Review and approve non-audit work assigned to the external auditor and ensure that such work does not compromise the independence of the external auditor

External auditors are not involved in any engagement that directly or indirectly threatens their independence. The Audit Committee must ensure this matter. If any work is being done by the external auditors, the Audit Committee must approve before the work commences. In short, the Audit Committee is responsible that the independence of the external auditors is not comprised under any circumstance.

Recommend external auditor for appointment/reappointment

The Audit Committee does an extensive review on the audit work done by the auditors after the audited financial statements have been signed. The Audit Committee evaluates the auditors on a very detailed level, and ensures that there were no threats to independence or any other issues with the auditors. The Audit Committee scrutinizes the applications of the auditors and recommends for appointment/ reappointment for the next year/AGM. In this appointment process, DFIM circular No 04, dated 30th April 2015 was strictly followed without any deviation.

Audit committee's involvement in the review of annual and interim financial reports

As per the Corporate Governance guideline of BSEC, the Audit Committee is expected to assess alongside with management, the interim and annual financial statements before proposing to the Board for consent. NHFL's Audit Committee appraises the interim and annual financial releases whether audited or unaudited and places it before the Board for approval. The Audit Committee always ensures that the financial statements reflect a true and fair view of the company.

INTERNAL CONTROL & RISK MANAGEMENT

Director's Responsibility to establish appropriate system of Internal Control

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

The Company has taken sufficient care in installing a system of internal control, which 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 demonstrates periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed.

Key features of the internal control system

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:

The 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 NHFL's control environment include:

- Active participation by those charged with governance as evidenced through regular meetings of its Board of Directors 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 behaviour
- 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 are the policies and procedures that help ensure that the management directives are carried out. Control activities have various objectives and are applied throughout the Company at all levels and in all functions. These include activities such as authorization, reviews, reconciliations and verifications.

Information and communication

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

Monitoring

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

Review of the adequacy of the system of internal controls by Directors

In almost every Audit Committee meeting the issue of adequacy of the system of internal controls is a factor that is taken into consideration. The Audit Committee is responsible to the Board of Directors to ensure that the system of internal controls is adequate to protect against any type of fraud. The Committee has reviewed the corrective measures taken by management relating to fraud-forgery and deficiencies in internal control. The Audit Committee places all the compliance report before the Board of Directors and regulators on a timely basis and has performed all other oversight functions in relation to Internal Control System of the FI. In this way, the Directors review the adequacy of the system of internal controls.

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

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

- 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 are:

Strategic risk

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

Compliance risk

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

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 the senior management in managing reputation risk and also require financial institutions to implement a sound and comprehensive risk management process to identify, monitor, control and report all reputational risks. NHFIL has already established a set of non-financial reputational risk indicators and put in place a structured process for monitoring these and any other matters that might give rise to potential reputational risks. Till date, no material reputational risk issue involving the Company has been identified.

Environmental and social risk

NHFIL is focused on sustainability, shifting from the traditional financing approach. In this regard, the Company is strengthening its credit appraisal process to be much more stringent from an environment and social (E&S) perspective, evaluating all the environmental and social factors such as project impacts on the environment and the community in the long run, prior to sanctioning a loan. A detailed discussion of these risks and the strategies adopted to manage and mitigate these are given in the Statement of Risk Management. The adequacy of the system of internal controls is reviewed by the Board of Directors as well.

Strategies adopted to manage and mitigate risks

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

In a nutshell, the National Housing 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

ETHICS AND COMPLIANCE

Ethics and values

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

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

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

Dissemination of the statement of ethics and business practices

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

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

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

- Setting down standards of expected behavior 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 behavior.

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

REMUNERATION COMMITTEE

As per the Bangladesh Bank Circular Directors cannot be part of any committee except for Board Audit Committee and Board Executive committee. For this reason The Remuneration Committee is comprised of only the members of the management of NHFIL.

Composition of the Remuneration Committee

Remuneration Committee of NHFIL consists of three members. It comprises Managing Director, a Vice President and the Head of HR. While the Head of HR act as the Member Secretary to the Committee.

The Roles and responsibilities of the Committee are the following;

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

Work conducted and meetings performed by the Committee

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

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

Remuneration of Directors, Managing Director and Senior Executives

The Directors of the Board are paid only honorarium for attending Board or Committee meetings. For attending the Board Meeting, Audit Committee Meeting and Executive Committee Meeting, the Directors receive an honorarium of Tk. 8,000.00 each. During 2020, the expenditures incurred related to remuneration of Directors, Managing Director and Senior Executives have been shown in the notes to the Financial Statement.

HUMAN RESOURCE MANAGEMENT

Human Resource Development and Management

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

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

COMMUNICATION TO SHAREHOLDERS & STAKEHOLDERS

Communication with shareholders and other stakeholders

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

Communication through quarterly reports

The Company reports to its shareholders four times a year through quarterly and a detailed Annual Report.

Communication through AGM

All shareholders have the right to attend the Annual General Meeting where 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.

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.

ENVIRONMENTAL AND SOCIAL OBLIGATIONS

Social and environmental responsibilities

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

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

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

Description of the Company's Policies and practices relating to social and environmental responsibility of National Housing:

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

National Housing 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 before the Board and the same is disclosed in the annual report.

Dividend distribution policy

A separate policy as to the dividend distribution of the Company has been formulated and is disclosed in the Annual Report.

Annual General Meeting (AGM)

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

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. The Company also publishes the news required to be published in national daily newspapers.

Resolutions passed at the previous AGM, i.e. 21st AGM held on 20th September 2020

Details of the previous AGM are as follows:

Particulars	Date & Time	Venue
21 st AGM	Sunday the 20 th September 2020, at 12.00 noon.	Digital Platform

The matters approved of by the shareholders in the last AGM are as follows:

- Financial Statements for the year ended December 31, 2019;
- Dividend (Cash @ 10.00%);
- Election/re-election of Directors: Directors who were eligible for re-election and expressed their interest to be elected as Directors in the 21st AGM are: Mr. Morshed Alam, MP representing National Life Insurance Co. Ltd., Mr. Akhtar Ahmed representing Reliance Insurance Ltd., Mr. Muminul Haque Chowdhury representing Borak Travels (Pvt.) Ltd.
- Appointment of Auditors: M/s Ahmed Zaker & Co., Chartered Accountants as external auditor of the Company;
- Appointment of Compliance Auditors: M/s SARashid & Associates, Chartered Secretaries as Corporate Governance Compliance Auditor of the Company;

General Shareholders' Information for 22nd AGM:

- Date : May 18, 2021; Time 12.00 noon.
- Venue: Digital platform.

- Virtual AGM link: www.digitalagmbd.net/NHFIL22AGM
- Financial Reporting Calendar : 1st January 2020 to 31st December 2020
- Dates of Book Closure/Record date: 18 April, 2021.

Agenda to be discussed:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31st December, 2020 together with reports of the Directors and Auditors thereon;
2. To declare dividend for the year ended 31st December, 2020;
3. To elect/re-elect Directors in accordance with the relevant provisions of the Articles of Association of the Company and to confirm the appointment of Independent Director;
4. (a) To appoint Auditors and fix their remuneration for the year 2021;
(b) To appoint Compliance Auditors and fix their remuneration for the year 2021;
- Dividend Payment Date: The dividend if declared by the shareholders at the AGM shall be paid on or before 17th June, 2021, i.e. within 30 days from the date of declaration.



BOARD MEETING AND ATTENDANCE OF DIRECTORS

During the year 2020 the 07 meetings of the Board were held.

Attendance of the Directors is stated below:

Name of the Directors	Nominated by	Designation	Number of Meetings		Change During 2020
			Held	Attended	
Mr. Mahbubur Rahman	Eastland Insurance Co. Ltd.	Chairman	07	07	
Syed M. Altaf Hussain	Pragati Insurance Ltd.	Vice-Chairman	07	07	
Mr. Morshed Alam MP	National Life Insurance Co. Ltd.	Director	03	02	Appointed on 20.09.2020
Mr. Akhtar Ahmed	Reliance Insurance Co. Ltd.	Director	07	06	
Mr. Muminul Haque Chowdhury	Borak Travels (Pvt.) Ltd.	Director	07	07	
Mr. Azmal Hossain	Eastern Insurance Co. Ltd.	Director	07	07	
Mr. Md. Kabir Reza, FCMA	Square Pharmaceuticals Ltd.	Director	07	07	
Mr. Abdullah Al Mamun	Bangladesh Lamps Ltd.	Director	03	03	Appointed on 20.09.2020
Dr. Toufic Ahmad Choudhury		Independent Director	06	05	Resigned on 30.11.2020
Mr. Abdul-Muyeed Chowdhury		Independent Director	06	06	Appointed on 30.01.2020
Mr. Md. Khalilur Rahman		Managing Director (Ex-Officio member)	07	07	

EXECUTIVE COMMITTEE MEETING AND ATTENDANCE OF DIRECTORS

During the year 2020 the 09 meetings of the EC were held.

Attendance of the Directors is stated below:

Name of the Directors	Nominated by	Designation	Number of Meetings		Change During 2020
			Held	Attended	
Mr. Md. Kabir Reza, FCMA	Square Pharmaceuticals Ltd.	Chairman	09	09	
Syed M. Altaf Hussain	Pragati Insurance Ltd.	Member	09	05	
Mr. Muminul Haque Chowdhury	Borak Travels (Pvt.) Ltd.	Member	09	08	
Dr. Toufic Ahmad Choudhury Independent Director		Member	09	08	Resigned on 30.11.2020
Mr. Abdul-Muyeed Chowdhury Independent Director		Member	01	01	Appointed on 01.12.2020
Mr. Md. Khalilur Rahman Managing Director		Ex-Officio member	09	09	

AUDIT COMMITTEE MEETING AND ATTENDANCE OF DIRECTORS

During the year 2020 the 02 meetings of the Audit Committee were held.

Attendance of the Directors is stated below:

Name of the Directors	Nominated by	Designation	Number of Meetings		Change During 2020
			Held	Attended	
Dr. Toufic Ahmad Choudhury Independent Director		Chairman	02	02	Resigned on 30.11.2020
Mr. Abdul-Muyeed Chowdhury Independent Director		Chairman	----	----	Appointed as member on 28.10.2020 & chairman on 01.12.2020
Mr. Md. Kabir Reza, FCMA	Square Pharmaceuticals Ltd.	Member	02	02	
Mr. Akhtar Ahmed	Reliance Insurance Ltd.	Member	02	02	
Mr. Azmal Hossain	Eastern Insurance Co. Ltd.	Member	02	02	

REMUNERATION PAID TO DIRECTORS INCLUDING INDEPENDENT DIRECTORS

(INCLUDING AIT EXCLUDING VAT) DURING THE YEAR 2020

Name of the Directors	Nominated by	Designation	Board Meeting	EC Meeting	Audit Committee Meeting	Total
Mr. Mahbubur Rahman	Eastland Insurance Co. Ltd.	Chairman	56,000	-	-	56,000
Syed M. Altaf Hussain	Pragati Insurance Ltd.	Vice-Chairman	56,000	40,000	-	96,000
Mr. Morshed Alam MP	National Life Insurance Co. Ltd.	Director	16,000	-	-	16,000
Mr. Akhtar Ahmed	Reliance Insurance Co. Ltd.	Director	48,000	-	16,000	64,000
Mr. Muminul Haque Chowdhury	Borak Travels (Pvt.) Ltd.	Director	56,000	64,000	-	120,000
Mr. Azmal Hossain	Eastern Insurance Co. Ltd.	Director	56,000	-	16,000	72,000
Mr. Md. Kabir Reza FCMA	Square Pharmaceuticals Ltd.	Director	56,000	72,000	16,000	144,000
Mr. Abdullah Al Mamun	Bangladesh Lamps Ltd.	Director	24,000	-	-	24,000
Dr. Toufic Ahmad Choudhury		Independent Director	40,000	64,000	16,000	120,000
Mr. Abdul-Muyeed Chowdhury		Independent Director	48,000	8,000	-	56,000
Mr. Md. Khalilur Rahman		Managing Director (Ex-Officio member)	-	-	-	-
Total			456,000	248,000	64,000	768,000

PATTERN OF SHAREHOLDING AS ON 31ST DECEMBER 2020

On the basis of shareholders types:

Group Name	No. of Shareholder(s)	No. of Share(s)	Percentage (%)
Company	186	12,091,238	10.33%
General Public	3,610	21,422,078	18.30%
Investor Account	86	1,237,138	1.06%
Mutual Fund	1	200,000	0.17%
NRB	36	12,225	0.01%
Sponsor Share	15	82,068,521	70.13%
Total	3,934	117,031,200	100.00%

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

Shareholding Range	Number of Shareholder(s)	No. of Shares	Percentage (%)
1-500	1,875	179,529	0.15%
501-5000	1,407	2,616,319	2.24%
5001-10000	252	1,856,752	1.59%
10001-20000	172	2,465,035	2.11%
20001-30000	48	1,231,951	1.05%
30001-40000	21	784,628	0.67%
40001-50000	26	1,246,118	1.06%
50001-100000	52	3,976,816	3.40%
100001-1000000	58	13,914,479	11.89%
1000001-above	23	88,759,573	75.84%
Total	3,934	117,031,200	100.00%

On the basis of Related Parties

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	Percentage (%)
1	Eastland Insurance Co. Ltd.	Sponsor	5,635,624	4.82
2	Pragati Insurance Ltd.	Sponsor	5,324,462	4.55
3	National Life Insurance Co. Ltd.	Sponsor	5,635,624	4.82
4	Borak Travels (Pvt.) Ltd.	Sponsor	5,635,603	4.82
5	Eastern Insurance Co. Ltd.	Sponsor	5,635,624	4.82
6	Reliance Insurance Ltd.	Sponsor	5,635,624	4.82
7	Bangladesh Lamps Ltd.	Sponsor	5,635,603	4.82
8	Square Pharmaceuticals Ltd.	Sponsor	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	5,288,910	4.52
15	HRC Bangladesh Ltd	Sponsor	4,623,604	3.95

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

Sl.	Name of the Director/ Shareholder	Nominated by	Designation	No. of Share (s) held	Percentage (%)
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. Morshed Alam MP	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. Abdullah Al Mamun	Bangladesh Lamps Ltd.	Director	Nil	Nil
9	Dr. Toufic Ahmad Choudhury		Independent Director	Nil	Nil
10	Mr. Abdul-Muyeed Chowdhury		Independent Director	Nil	Nil
11	Mr. Md. Khalilur Rahman		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	VP & Head of Motijheel Branch	Nil	Nil
Mr. Md. Abdul Baten	VP & Head of Recovery	Nil	Nil
Mr. Mahbubur Rashid Al-Amin	VP & Head of Principal Branch	Nil	Nil
Mr. Abu Naser Md. Ahad Sarker	VP & Head of Bogura Branch	Nil	Nil

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

Status of compliance with the conditions imposed by the Commission's Notification No. BSEC/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)	Board Size (number of Board members to be 5-20)	✓		
1.(2)	Independent Directors			
1.(2).(a)	Number of Independent Directors [at least one-fifth]	✓		
1.(2).(b)	Independent Director (ID) means a director:			
1.(2).(b).(i)	Holding no share or holding less than 1% shares	✓		
1.(2).(b).(ii)	Not being a sponsor and connected with any sponsor or director or shareholder holding 1% or more shares	✓		
1.(2).(b).(iii)	Who has not been an executive of the company	✓		
1.(2).(b).(iv)	Does not have any other relationship	✓		
1.(2).(b).(v)	Not a Member, Director or Officer of any Stock Exchange	✓		
1.(2).(b).(vi)	Not a Shareholder, Director or Officer of any Member of Stock Exchange.	✓		
1.(2).(b).(vii)	Not a partner of an Executive or was not a partner of an Executive during the preceding 3 (Three) years of the concerned Company's statutory audit firm.	✓		
1.(2).(b).(viii)	Not an Independent Director in more than five (5) listed Companies.	✓		
1.(2).(b).(ix)	Not Convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a Bank or a Non-Bank Financial Institution.	✓		
1.(2).(b).(x)	Not convicted for a Criminal Offence	✓		
1.(2).(c)	Appointment by the Board and approved in AGM	✓		
1.(2).(d)	Post cannot remain vacant more than 90 days	✓		
1.(2).(e)	Tenure of the Independent Director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only	✓		
1.(3)	QUALIFICATION OF INDEPENDENT DIRECTOR			
1.(3).(a)	Independent Director shall be a knowledgeable individual	✓		
1.(3).(b).(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million			N/A
1.(3).(b).(ii)	Should be a Corporate Leader/Business Leader			N/A
1.(3).(b).(iii)	Former official of government.	✓		Mr. Abdul-Muayed Choudhury
1.(3).(b).(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law	✓		Dr. Toufik Ahmad Choudhury
1.(3).(b).(v)	Professional Chartered Accountant/ Secretary or equivalent qualification.			N/A
1.(3).(c)	The independent director shall have at least 10(ten) years of experiences	✓		
1.(3).(d)	Relaxation in special cases			N/A
1.(4)	Duality of Chairperson of the Board of Directors and Managing- Director or Chief Executive Officer			
1.(4).(a)	The posts of Chairman of the board and Chief Executive Officer are filled by different individuals.	✓		

Condition No.	Title	Compliance Status (Put "✓" in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.(4).(b)	The MD and CEO of a listed Company shall not hold the same position in another listed Company.	✓		
1.(4).(c)	The Chairperson shall be elected from among the non-executive directors of the company	✓		
1.(4).(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director.	✓		
1.(4).(e)	The reason of absence of the regular Chairperson shall be duly recorded in the minutes.	✓		
1.(5)	The Directors' Report to Shareholders :			
1.(5).(i)	Industry outlook and possible future developments in the industry	✓		
1.(5).(ii)	Segment-wise or product-wise performance	✓		
1.(5).(iii)	Risks and concerns including internal and external risk factor.	✓		
1.(5).(iv)	A discussion on Cost of Goods sold Gross profit Margin and Net Profit Margin.	✓		
1.(5).(v)	A discussion on continuity of any extraordinary activities and their implications (gain or Loss)			N/A
1.(5).(vi)	Basis for related party transactions-a statement of all related party transactions	✓		
1.(5).(vii)	Utilization of proceeds from public issues, rights issues and/or through any others instruments			N/A
1.(5).(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat public Offering(RPO), Rights Offer, Direct Listing etc.			N/A
1.(5).(ix)	If significant variance occurs between Quarterly Financial Performance and Annual Financial Statements the management shall explain about the variance on their Annual Report	✓		
1.(5).(x)	Statement on remuneration to Directors including Independent Director	✓		
1.(5).(xi)	The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity	✓		
1.(5).(xii)	Proper books of account of the issuer company have been maintained	✓		
1.(5).(xiii)	Appropriate accounting policies have been consistently applied in preparation to the financial statements and that the accounting estimates are based on reasonable and prudent judgment	✓		
1.(5).(xiv)	International Accounting Statement (IAS) Bangladesh Accounting Standard (BAS) /International Financial Reporting standard (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.	✓		
1.(5).(xv)	The system of internal control is sound in design and has been effectively implemented and monitored	✓		
1.(5).(xvi)	A statement that minority shareholders have been protected from abusive actions by, or indirectly and have effective means of redress	✓		
1.(5).(xvii)	There are no significant doubts upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed	✓		

Condition No.	Title	Compliance Status (Put “√” in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1. (5). (xviii)	Significant deviations from the last year's operation results of the issuer company shall be highlighted and the reasons there of should be explained	√		
1. (5). (xix)	Key operating and financial data of at least preceding 5 (Five) years shall be summarized	√		
1. (5). (xx)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons there of shall be given			N/A
1. (5). (xxi)	Statement regarding declaration of no stock dividend as interim dividend.	√		
1. (5). (xxii)	The number of Board meetings held during the year and attendance by each Director shall be disclosed	√		
1. (5). (xxiii)	A report on the pattern of shareholding disclosing the aggregate (name wise details)			
1. (5). (xxiii).(a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details)	√		
1. (5). (xxiii).(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details)	√		
1. (5). (xxiii).(c)	Executives (Top five salaried persons other than CEO, CFO, CS & HIA)	√		
1. (5). (xxiii).(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details)	√		
1. (5). (xxiv)	In case of the appointment or re-appointment of a Director, a discloser on the following information to the shareholders:			
1. (5). (xxiv).(a)	A brief resume of the director	√		
1. (5). (xxiv).(b)	Nature of his/her expertise in specific functional areas	√		
1. (5). (xxiv).(c)	Names of the companies in which the person also holds the directorship and the memberships of committees of the Board	√		
1. (5). (xxv)	A Management's Discussion and Analysis Report signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements among others, focusing on:			
1. (5). (xxv).(a)	Accounting policies and estimation for preparation of financial statements	√		
1. (5). (xxv).(b)	Changes in accounting policies and estimation as well as cash flows on absolute figure for such changes			N/A
1. (5). (xxv).(c)	Comparative analysis and financial position as well as cash flow for current financial year with immediate preceding five years explaining reasons	√		
1. (5). (xxv).(d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario	√		
1. (5). (xxv).(e)	Briefly explain the financial and economic scenario of the country and the globe	√		
1. (5). (xxv).(f)	Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	√		
1. (5). (xxv).(g)	Future plan or projection or forecast for company's operation, performance and financial position with justification thereof, i.e. actual position shall be explained to the shareholders in the next AGM	√		

Condition No.	Title	Compliance Status (Put “√” in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1. (5). (xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A of the Code	√		
1. (5). (xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed	√		
1. (6)	Meeting related activities of the Board of Directors shall be complied under Bangladesh Secretarial Standards (BSS) in so far as those standards are not inconsistent with any condition of this Code	√		
1.(7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			
1. (7). (a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee(NRC)			The Board has laid down a code of conduct
1. (7). (b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior, rules and regulations , prohibition of insider trading, relationship with environment, employees, customers and suppliers, and interdependency.			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 shall be made applicable to the composition of the Board of the subsidiary company			N/A
2.(b)	One Independent Director of holding company also in the subsidiary company			N/A
2.(c)	Minutes of subsidiary company to be placed in the meeting of holding company			N/A
2.(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company			N/A
2.(e)	The Audit Committee of the holding company shall also review the financial statements in particular the investments made by the subsidiary company			N/A
3	Managing Director (MD) or Chief Executive Officer, Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)			
3.(1)	Appointment			
3.(1).(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer, a Company Secretary (CS), Chief Financial Officer(CFO), and Head of Internal Audit and Compliance (HIAC)	√		
3.(1).(b)	The positions of the MD,CEO,CS,CFO,HIAC shall be filled by different individuals	√		
3.(1).(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time	√		
3.(1).(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS	√		

Condition No.	Title	Compliance Status (Put "✓" in the appropriate column)		Remarks (if any)
		Complied	Not complied	
3.(1).(e)	The MD or CEO, CS, CFO, and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the commission and stock exchange			N/A
3.(2)	Requirement to attend Board of Directors' Meetings			
3.(2).(i)	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board	✓		
3.(3)	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)			
3.(3).(a).(i)	The statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading	✓		
3.(3).(a).(ii)	The statements together present a true and fair view of the company's affairs and are in compliance	✓		
3.(3).(b)	The MD or CEO and CFO to certify on due diligence in the Report	✓		
3.(3).(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report	✓		
4	Board of Directors' Committee			
4.(i)	Audit Committee	✓		
4.(ii)	Nomination and Remuneration Committee			As per Bangladesh Bank DFIM Circular Letter No. 07 Dt: 25.09.2007, FIs are allowed to form only Audit Committee & Executive Committee as the sub-committee of the Board
5	Audit Committee			
5.(1)	Responsibility to the Board of Directors			
5.(1).(a)	The company shall have an Audit Committee as a sub-committee of the Board	✓		
5.(1).(b)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the Company and in ensuring a good monitoring system within the business	✓		
5.(1).(c)	The Audit Committee shall report on its activities to the Board of Directors	✓		
5.(2)	Constitution of the Audit committee			
5.(2).(a)	The Audit Committee shall be composed of at least 3 (three) members	✓		
5.(2).(b)	The Board appoint members of the Audit Committee who shall be non-executive Directors	✓		
5.(2).(c)	All members of the Audit Committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experience	✓		

Condition No.	Title	Compliance Status (Put "✓" in the appropriate column)		Remarks (if any)
		Complied	Not complied	
5.(2).(d)	When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office until expiration of the term of service appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month			N/A
5.(2).(e)	The Company Secretary shall act as the Secretary of the Audit Committee	✓		
5.(2).(f)	The quorum of Audit Committee meeting shall not constitute without at least 1 (One) independent director	✓		
5.(3)	Chairperson of the Audit Committee			
5.(3).(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee who will be ID.	✓		
5.(3).(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson	✓		
5.(3).(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM)	✓		
5.(4)	Meeting of the Audit Committee			
5.(4).(a)	The Audit Committee shall conduct at least its four meetings in a financial year		✓	Due to COVID 19 pandemic the committee could meet 2 times in the year.
5.(4).(b)	The quorum of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee whichever is higher	✓		
5.(5)	Role of Audit Committee			
5.(5).(a)	Oversee the financial reporting process	✓		
5.(5).(b)	Monitor choice of accounting policies and principles	✓		
5.(5).(c)	Internal Audit and Compliance process to ensure that it is adequately resourced	✓		
5.(5).(d)	oversee hiring and Performance of external auditors	✓		
5.(5).(e)	Hold meeting on annual financial statements before submission to the Board for approval or adoption	✓		
5.(5).(f)	Review the annual financial statements before submission to the Board for approval	✓		
5.(5).(g)	Review the Quarterly and half yearly financial statements before submission to the Board for approval	✓		
5.(5).(h)	The review adequacy of internal audit function	✓		
5.(5).(i)	Review the management's Discussion and Analysis before disclosing in the Annual Report	✓		
5.(5).(j)	Review statement of all related party transactions submitted by the management	✓		
5.(5).(k)	Review management letters or letter of Internal Control weakness issued by statutory auditors	✓		
5.(5).(l)	Oversee determination of audit fees based on scope and magnitude	✓		
5.(5).(m)	Oversee whether IPO proceeds utilized as per the published Prospectus			N/A

Condition No.	Title	Compliance Status (Put "√" in the appropriate column)		Remarks (if any)
		Complied	Not complied	
5.(6)	Reporting of the Audit Committee			
5.(6).(a)	Reporting to the Board of Directors			
5.(6).(a).(i)	The Audit Committee shall report on its activities to the Board	√		
5.(6).(a).(ii)	The Audit Committee shall immediately report to the Board on the following findings, if any:			
5.(6).(a).(ii).(a)	Report on conflicts of interests			N/A
5.(6).(a).(ii).(b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process.			N/A
5.(6).(a).(ii).(c)	Suspected infringement of laws, regulatory compliance including securities related laws, relies and regulation			N/A
5.(6).(a).(ii).(d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately			N/A
5.(6).(b)	Reporting to the Authorities			N/A
5.(7)	Reporting to the Shareholders and General Investors	√		
6	Nomination and Remuneration Committee (NRC)			
6.(1)	Responsibility to the Board of Directors			
6.(1).(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a subcommittee of the Board			As stated against condition 4(ii)
6.(1).(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications			"
6.(1).(c)	The Terms of Reference of the NRC shall be clearly set forth in writing covering the areas stated at the condition			"
6.(2)	Constitution of the NRC			
6.(2).(a)	The Committee shall comprise of at least three members including an independent director			"
6.(2).(b)	All members of the Committee shall be nonexecutive directors			"
6.(2).(c)	Members of the Committee shall be nominated and appointed by the Board			"
6.(2).(d)	The Board shall have authority to remove and appoint any member of the committee			"
6.(2).(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any another cases of vacancies the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee			"
6.(2).(f)	The Chairperson of the Committee may appoint or co-opt any external expert members			"
6.(2).(g)	The company secretary shall act as the secretary of the committee			"
6.(2).(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director			"
6.(2).(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium form the company			"
6.(3)	Chairperson of the NRC			

Condition No.	Title	Compliance Status (Put "√" in the appropriate column)		Remarks (if any)
		Complied	Not complied	
6.(3).(a)	The Board shall select 1 (One) member of the NRC to be Chairperson of the Committee			"
6.(3).(b)	The absence of chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting			"
6.(3).(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM)			"
6.(4)	Meeting of the NRC			
6.(4).(a)	The NRC shall conduct at least one meeting in a financial year			"
6.(4).(b)	The Chairperson of the NRC, may convene any emergency meeting			"
6.(4).(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee			"
6.(4).(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such mines shall be confirmed in the next meeting			"
6.(5)	Role of NRC			
6.(5).(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders			"
6.(5).(b).(i).(a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully			"
6.(5).(b).(i).(b)	The relationship of remuneration to performance is clear and meets appropriate performance			"
6.(5).(b).(i).(c)	The remuneration to directors, top level executiv involves a balance between fixed and incentive pay reflecting short and long term performance			"
6.(5).(b).(ii)	Devising a policy on Board's diversity taking into consideration age, experience etc.			"
6.(5).(b).(iii)	Identifying persons who are qualified the criteria laid down and recommend their appointment and removal to the Board.			"
6.(5).(b).(iv)	Formulating criteria for evaluation of performance of independent directors and the Board			"
6.(5).(b).(v)	Identifying company's needs for employees at different levels and determine their selection, transfer or replacement			"
6.(5).(b).(vi)	Developing recommending and reviewing annually the company's human resources and training policies			"
6.(5).(c)	The company 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			"
7	External or Statutory Auditors			
7.(1).(i)	External or Statutory Auditors shall not be engaged in Appraisal or valuation services or fairness opinions	√		
7.(1).(ii)	External or Statutory Auditors shall not be engaged in Financial information systems design and implementation	√		
7.(1).(iii)	External or Statutory Auditors shall not be engaged in Book- keeping or other service related to the accounting records	√		

Condition No.	Title	Compliance Status (Put "✓" in the appropriate column)		Remarks (if any)
		Complied	Not complied	
7.(1).(iv)	External or Statutory Auditors shall not be engaged in Broker –dealer services	✓		
7.(1).(v)	External or Statutory Auditors shall not be engaged in Actuarial services	✓		
7.(1).(vi)	External or Statutory Auditors shall not engage Internal audit services	✓		
7.(1).(vii)	External or Statutory Auditors shall not be engaged in any services that the Audit Committee may determine	✓		
7.(1).(viii)	External or Statutory Auditors shall not be engaged in Certification services on compliance of corporate governance	✓		
7.(1).(ix)	External or Statutory Auditors shall not be engaged in any other service that may create conflict of interest	✓		
7.(2)	No partner or employees of the External or Statutory Auditors audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company	✓		
7.(3)	Representative of External or Statutory Auditors shall remain present in the Shareholders Meeting (Annual General Meeting or Extraordinary General Meeting)	✓		
8	Maintaining a website by the company			
8.(1)	The company shall have an official website linked with that of the stock exchange	✓		
8.(2)	The company shall keep the website functional from the date of listing	✓		
8.(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchanges	✓		
9	Reporting and Compliance of Corporate Governance			
9.(1)	The company shall obtain a certificate from a practicing professional firm on yearly basis regarding compliance of conditions of Corporate Governance and such certificate shall be disclosed in the Annual Report	✓		
9.(2)	The professional who will provide the certificate on compliance of Corporate Governance shall be appointed by the Shareholders in the Annual General Meeting	✓		
9.(3)	The directors of the company shall state, in accordance with the Annexure-C of the code attached, in the directors report whether the company has complied with these conditions	✓		

Management Discussion & Analysis Report



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

1. Overview and macro-economic highlights

The impact of numerous macroeconomic aspects on the financial sector this year is unlike anything we've seen before. While the whole world went into a stoppage due to the COVID-19 pandemic bearing huge economic depression, we were able to tackle the challenges through our various risk mitigation techniques and bring positive outlook and growth this year.

Operating Context Highlights in 2020

Unparalleled fallout in global economic output due to the COVID-19 Pandemic

- A. GDP Growth rate of Bangladesh was comparatively lower than the pre-covid projection but is expected to improve in the upcoming year.
- B. Private Sector Credit Growth came down to 8.37% growth (y-o-y) in Dec'20, which is still considerably higher than neighboring countries.
- C. Lower than expected sale of NSCs shifted government borrowing mode towards banks.

Expansory monetary policy helped maintain liquidity in the financial market

- A. Liquidity scenario improved primarily owing to steps taken by the Central bank.
- B. The introduction of enhanced repo alongside reducing CRR and repo further helped to maintain status quo in the interbank market.
- C. BB will continue to play an active role in the upcoming year as well to maintain a stable economy.
- D. The current account deficit further narrowed due to the various initiatives taken to strengthen remittance inflows.

The downward movement in capital market price further continued till the middle of 2020 due to the uncertainty that came with the COVID-19 pandemic. However, it rebounded to a great extent by the end of the year

- A. Capital market marked a 21.31% growth in DSEX and 35.10% growth in average daily market turnover.
- B. Government planned to ease capital repatriation for foreign investors, especially through introduction of share transfers through e-signature for foreigners.
- C. Foreign fund managers were enticed to enter the market as remitting investments, made from one country, could now be transferred to different countries.

2. Macro Economic Factors and their Impacts

Political

The continuing political stability in Bangladesh helped to maintain a positive GDP growth, in spite of the COVID-19 pandemic. The current government's continued focus on investing in countrywide mega projects, especially transport links in the capital led to a further increase in the investment to GDP ratio from 31.6% in the previous year to 31.8%, in spite of temporary disruptions. Appropriate steps were also taken to tackle both the health and economic situation of the country during the pandemic. Bangladesh won the UN Public service award 2020 for its excellence in delivering public services. Consequently, we are still on track for graduation from UN LDC in 2024.

Economic

Bangladesh had a goal of achieving 8.2% GDP growth rate in FY20. However, due to the pandemic many countries around the world failed to reach their target and even fell to negative growth rate. In contrast, Bangladesh showed extreme resilience attaining a GDP growth rate of 5.2%, considerably higher than the neighboring countries. Export and import both were impeded in the middle of the year, but on the bright side, RMG orders are expected to recover within a few months. A growth of 10.9% in remittance flow helped to narrow the current account deficit. Inflation remained fairly stable at 5.65% in spite of the breakout of the pandemic.

On the fiscal front, budget deficit widened to -5.8% of GDP. A lion's portion of the deficit was funded through borrowing from the banking system and foreign borrowing. Most importantly the government went on an expansionary monetary policy to counter the effects of the pandemic.

Social

The gross national income per capita (GNI) of Bangladesh increased 8.11% to \$2,064 in FY 2019 from \$1,909 in the previous year. Over the years, Bangladesh has made considerable progress in improving life expectancy, reducing infant mortality &

maternal mortality, and alleviating poverty. Boston Consulting Group forecasted Bangladesh's Middle and Affluent Class (MAC) population to reach around 34 million people by 2025, under conservative circumstances. Even discounting for the pandemic, this will be a key driver behind the growth in local consumption demand in the upcoming years.

Technological

Digitalization in banking grew significantly, with many banks introducing new products and channels for remote access. Similarly, internet banking and card transactions grew by 21% and 118% respectively. With mobile financial service already on the rise, the pandemic propelled its growth even further. The average monthly transaction through MFS service in Bangladesh stood at BDT 46,783 Crore in 2020, up by 29% from the previous year. The usage of technology from mobile banking to teleconferencing has helped to maintain financial services perform smoothly even during the lockdown in 2020. Norms are expected to change in the coming years as technology penetrates more spheres of the sector.

Environment

Bangladesh is very much susceptible to environmental degradation resulting from climate change. One-third of its population faces risk of displacement because of rising sea levels. According to the global climate risk index, Bangladesh is the seventh most vulnerable country to be impacted by climate change. The capital Dhaka faces massive environmental pollution from the various development projects, which needs immediate attention. On top of that the air quality index in the major cities of the country is also not favorable.

The COVID-19 pandemic induced a number of regulatory measures in the financial sector. Implementation of a mandatory lockdown during the first few months of the pandemic was one of them.

The Repo rate was reduced to 5.25% from 6% along with a reduction of the CRR for the banks. A moratorium was also introduced on loan payments to decrease the default rate during the lockdown. The Advance Deposit Rate was also increased to 87% from 85%. The single digit interest rate on lending and borrowing for banks also came into effect, impacting the financial industry heavily.

3. Comparative financial performances with the peer industry

Housing Finance Industry

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

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

NHFIL continued keeping pace outperforming the industry in 2020 in terms of growth of different performance and financial position measures. The movement of growth can be seen by comparing financial data of NHFIL with industry's financial information.

Particulars	NHFIL	Average of Top Five NBFIs (In terms of Asset Size)
Total Asset (MN Taka)	17,783	83,702
Total Equity	2,096	8,777
HML Loan Portfolio (MN Taka)	12,752	22,067
Growth	1.88%	(4.15%)
Deposit	13,511	56,129
Growth	2.00%	4.26%
Operating Income	740	3,292
Profit/(loss) before provision	541	1,922
Net Profit	321	1,157
Growth	35.72%	16.37%
NPL Ratio	5.33%	2.07%
Cumulative Written off loan amount (MN Taka)	316	661.93
ROA (Annualized)	1.78%	1.39%
ROE (Annualized)	16.12%	12.90%

Notes:

- 1. For the 9 months ending 30 September, 2020 except NPL ratio & written off (as on 31 Dec, 2019) full year data is not publicly available for all companies yet.
- 2. Excluding Investment Corporation of Bangladesh (ICB), IDCOL & Reliance Finance.

The industry is still burdened with an alarming rate of non-performing loans (NPLs) that make funds costlier and operations riskier. NHFL has achieved moderate level of NPL. Most significantly, NHFL 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 NHFL has been rated long term 'A1' credit rating for the last five years. The level of credit rating provides a very important indication of the financial safety, security and strength of the concerned bank or financial institution and is particularly relevant to its depositors and other investors such as shareholders and lenders.

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

The financial year 2020 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.

Particulars	2020	2019	2018	2017	2016
A. Interest Income	1,910.03	2,051.84	1,995.67	1,392.63	1,187.79
B. Profit After Tax	321.39	236.81	275.77	255.15	243.77
C. Average Asset	18,011.14	18,239.70	20,980.85	16,163.20	12,250.39
D. Average Equity	1,994.31	1,892.13	1,774.23	1,700.60	1,636.96
E. Profit Margin (B/A)	16.83%	11.54%	13.82%	18.32%	20.52%
F. Asset Turnover (A/C)	10.54%	10.46%	10.75%	9.80%	11.27%
G. Financial Leverage	9.49	10.89	10.69	8.51	6.56
H. Return on Equity (E*F*G)	16.82%	12.96%	15.60%	15.29%	15.18%

Highlights of Key Strengths (DuPont Analysis)

Despite facing numerous external challenges, NHFL fared well in 2020 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 (-6.91%)

Company's total interest income decreased by 6.91% (BDT 141.82 million) but our core business interest income from home loans increased by 8.78% (BDT 130.81 million). Total interest income decreased mainly for following reason:
Loans and advances grew only by 0.99% to BDT 133.48 million at year-end 2020 characterized by not a positive turnaround of 2020 which eventually affected the average loan balances. Efficient management of interest rate risk management ensured attractive growth of interest income in 2020.

Interest Expense (-9.58%)

Company's interest expense on deposit and borrowing decreased by 9.58% (BDT 142.84 million) primarily due to following reason:

Interest expense on deposit decreased by 17.26 % (BDT 235.94 million) in 2020 compared to previous year. Bank and FI industry faced a sudden shortage of liquid funds in 2020 which forced banks and FIs to collect deposit and also Bangladesh Bank fixed up a cap to collect deposit. As a result, the average cost of deposit decreased to 17.26% as on December 2020 compared to the previous year.

Net Operating Profit (23.74%)

Due to higher growth of investment income 3589.78% and slide increased of operating expenses 1.76%. Net operating profit of the company increased by 23.74% and reached at BDT 483.36 million in 2020.

Profit after Tax (35.72%)

Eventually, the profit after tax of the company increased by 35.72% and stands at BDT 321.39 million due to the factors mentioned above. As a result, our earnings per share (EPS) in 2020 have also decreased to BDT 2.75 (BDT 2.02 in 2019).

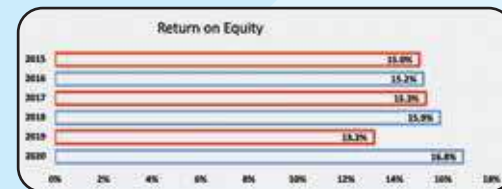
Profit Margin

There is a satisfactory profit margin consistently in the last 6 years. Consistent Profit margin achieved by increasing interest income and reducing costs.



Return on Equity

Average Return on Equity has been consistently more or less over 15.23% in the last 6 consecutive years. There are three major financial metrics that drive return on equity (ROE) of NHFL: operating efficiency, asset use efficiency and financial leverage. Though faced with numerous challenges, NHFL has been able to make highest average ROE compared to major competitors in the industry.



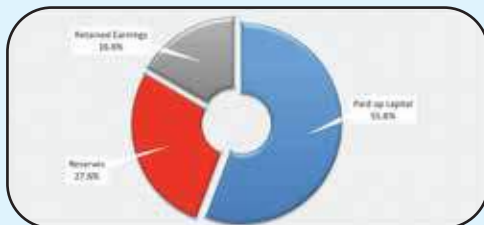
Outlook

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

NHFL 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:
Shareholders' Funds-2020



Earnings per share (BDT)



The earnings per share of the company has increased to Tk. 2.75 in 2020 from Tk. 2.02 in 2019, with a positive growth of 35.72%.

Cash Flow Analysis

Particulars	2020	2019	2018	2017	2016
i) Net cash flows from operating activities	592.01	(3,515.98)	2,777.07	2,111.12	1,625.37
ii) Net cash used in investing activities	(691.85)	(94.43)	(1.94)	(59.94)	(216.20)
iii) Net cash used in financing activities	(896.78)	(237.67)	(162.23)	(519.38)	(49.94)
iv) Net increase/(decrease) in cash and cash equivalents (i+ii+iii)	(996.63)	(3,848.08)	2,612.90	2,570.56	1,359.23
v) Cash and cash equivalents at the beginning of the year	3,791.67	7,639.75	5,026.86	2,456.30	1,097.07
vi) Cash and cash equivalents at the end of the year (iv+v)	2,795.05	3,791.67	7,639.75	5,026.86	2,456.30

Cash Flow from Operating Activities

Cash raised/ (payment) from operating activities before changes in operating assets and liabilities by BDT 592.01 mn in 2020 due to more cash received from term deposit, investment income along with interest.

Cash Flow from financing activities

The company paid BDT 117.03 mn as cash dividend in the year 2020 for the year ended on December 2019.

Overall scenario

The cash and cash equivalent balance of the company rose to Tk. 2,795.05 mn in 2020 compared to Tk. 3,791.67 mn in 2019.

5. Accounting policies and estimation for preparation of financial statements

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

As 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.

6. 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 under consideration, the Company has not adopted any change in the accounting policies and estimates.

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

NHFI 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 on page no. 132 of this annual report.

8. 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, NHFI planned its Annual Business Plan for the year 2021, where the total disbursement target is projected to Tk. 3,202.72 mn.

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

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, our efforts at enhancing our capability to anticipate key trends through various stakeholder engagement programs, combined with constant reviewing of our operating environment and the competitive landscape help us utilized and transform our capitals for value creation. Our ability to meet and exceed customer expectations with the right set of execution strategies, ensure quicker loan disbursement (for those who are eligible). And our willingness and capacity to help them navigate through their business challenges has ensured that we remain one of Bangladesh's most respected and trusted Financial Institution.

Md. Khalilur Rahman
Managing Director
Dhaka, Dated 24 March 2021

NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED

Balance Sheet (Horizontal Analysis)

As at December 31, 2020

	2020	2019	2018	2017	2016
Property and Assets					
Cash:					
In hand (including foreign currencies)	-24.86%	-24.12%	22.22%	22.55%	100%
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	12.25%	56.70%	17.96%	29.11%	100%
	12.24%	56.67%	17.96%	29.11%	100%
Balance with banks and other financial institutions:					
In Bangladesh	13.90%	54.20%	224.92%	110.09%	100%
Outside Bangladesh	-	-	-	-	-
	13.90%	54.20%	224.92%	110.09%	100%
Money at call and on short notice	-	-	-	-	-
Investments:					
Government	-	-	-	-	-
Others	56.43%	49.80%	57.86%	60.54%	100%
	860.03%	49.80%	57.86%	60.54%	100%
Loans and advances:					
Loans, cash credits, overdrafts etc.	52.11%	50.62%	37.99%	14.35%	100%
Bills purchased and discounted	-	-	-	-	-
	52.11%	50.62%	37.99%	14.35%	100%
Fixed assets including premises, furniture and fixtures	36.19%	33.60%	-2.89%	-0.24%	100%
Other assets	-51.75%	-0.20%	19.29%	1.44%	100%
Non-banking assets					
Total Assets	45.16%	48.89%	71.25%	31.94%	100%
Liabilities and capital Liabilities:					
Borrowing from other banks, financial institutions and agents	-15.86%	61.34%	74.34%	70.39%	100%
Current accounts and other accounts etc.	-	-	-	-	-
Bills payable	-	-	-	-	-
Savings bank deposits	-75.85%	84.54%	295.17%	89.86%	0%
Fixed deposits	103.46%	47.34%	24.54%	20.91%	100%
Bearer certificate of deposits	-	-	-	-	-
Other deposits	-37.47%	-36.64%	-34.39%	-28.63%	100%
	59.37%	56.24%	90.49%	37.63%	100%
Other liabilities	17.73%	30.79%	16.11%	-4.64%	100%
Total Liabilities	47.79%	54.03%	81.06%	36.27%	100%
Capital/Shareholders' equity:					
Paid up capital	10.00%	10.00%	0.00%	0.00%	0%
Statutory reserve	60.45%	42.61%	29.47%	14.16%	100%
Retained earnings	63.62%	-2.24%	8.73%	5.93%	100%
Total Shareholders' equity	28.07%	15.59%	7.62%	3.89%	100%
Total liabilities and Shareholders' equity	45.16%	48.89%	71.25%	31.94%	100%

NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED

Profit and Loss Account (Horizontal Analysis)

For the year ended December 31, 2020

	2020	2019	2018	2017	2016
Interest Income	61%	73%	68%	17%	100%
Interest paid on deposits, borrowings etc.	115%	138%	115%	30%	100%
Net Interest Income	1%	1%	16%	3%	100%
Investment Income	1926%	-45%	-5%	170%	100%
Commission, exchange and brokerage	-99%	-97%	-73%	-64%	100%
Other operating income	-66%	-43%	-24%	-18%	100%
	323%	-43%	-20%	19%	100%
Total operating income	23%	-2%	13%	4%	100%
Salaries and allowances	71%	74%	37%	18%	100%
Rent, taxes, insurance, electricity etc.	55%	63%	37%	22%	100%
Legal expenses	-18%	26%	-36%	-26%	100%
Postage, stamps, telecommunication etc.	-23%	-42%	-48%	-1%	100%
Stationery, printing, advertisement etc.	17%	-35%	30%	15%	100%
Managing Director's salary and fees	20%	27%	27%	0%	100%
Directors' fees and expenses	-61%	-48%	-10%	-10%	100%
Auditors' fees	0%	0%	0%	0%	100%
Charges on loan losses	-	-	-	-	-
Depreciation and repairs to assets	84%	50%	2%	3%	100%
Other expenses	10%	46%	50%	36%	100%
Total operating expenses	51%	48%	29%	15%	100%
Profit/ (Loss) before provisions	15%	-17%	9%	1%	100%
Provisions for					
Loans, advances and leases	27%	-144%	-14%	-31%	100%
Diminution in value of investments	387%	-581%	-379%	-263%	100%
Others	272%	-21%	40%	-104%	100%
Total provisions	7%	-95%	24%	-14%	100%
Total profit/(loss) before taxation	16%	-7%	7%	3%	100%
Provisions for taxation					
Current	-10%	-15%	-4%	-3%	100%
Deferred	-169%	-186%	-122%	-110%	100%
	-7%	-12%	-1%	0%	100%
Net Profit/(loss) after taxation	32%	-3%	13%	5%	100%
Earnings per share	32%	-3%	13%	5%	100%

NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED

Balance Sheet (Vertical Analysis)

As at December 31, 2020

	2020	2019	2018	2017	2016
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)	1.04%	1.42%	0.93%	1.32%	1.35%
(including foreign currencies)	1.04%	1.42%	0.93%	1.32%	1.35%
Balance with banks and other financial institutions:					
In Bangladesh	14.68%	19.37%	35.49%	29.78%	18.70%
Outside Bangladesh	-	-	-	-	-
	14.68%	19.37%	35.49%	29.78%	18.70%
Money at call and on short notice Investments:					
Government	3.72%	-	-	-	-
Others	0.72%	0.68%	0.62%	0.82%	0.67%
	4.44%	0.68%	0.62%	0.82%	0.67%
Loans and advances:					
Loans, cash credits, overdrafts etc.	76.64%	73.99%	58.94%	63.39%	73.14%
Bills purchased and discounted	-	-	-	-	-
	76.64%	73.99%	58.94%	63.39%	73.14%
Fixed assets including premises, furniture and fixtures	1.80%	1.72%	1.09%	1.45%	1.92%
Other assets	1.40%	2.83%	2.94%	3.25%	4.22%
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	4.78%	8.93%	8.39%	10.65%	8.24%
Deposits and other accounts:					
Current accounts and other accounts etc.	-	-	-	-	-
Bills payable	-	-	-	-	-
Savings bank deposits	2.81%	20.94%	38.99%	24.31%	16.90%
Fixed deposits	73.10%	51.61%	37.93%	47.79%	52.15%
Bearer certificate of deposits	-	-	-	-	-
Other deposits	0.06%	0.06%	0.06%	0.08%	0.15%
	75.98%	72.62%	76.98%	72.19%	69.20%
Other liabilities	7.45%	8.07%	6.23%	6.64%	9.19%
Total Liabilities	88.21%	89.63%	91.60%	89.48%	86.64%
Capital/Shareholders' equity:					
Paid up capital	6.58%	6.42%	5.07%	6.58%	8.68%
Statutory reserve	3.25%	2.82%	2.22%	2.55%	2.94%
Retained earnings	1.96%	1.14%	1.10%	1.39%	1.74%
Total Shareholders' equity	11.79%	10.37%	8.40%	10.52%	13.36%
Total liabilities and Shareholders' equity	100.00%	100.00%	100.00%	100.00%	100.00%

NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED

Profit and Loss Account (Vertical Analysis)

For the year ended December 31, 2020

	2020	2019	2018	2017	2016
Interest Income	91.68%	98.88%	98.39%	96.63%	96.67%
Interest paid on deposits, borrowings etc.	64.49%	71.62%	66.27%	56.53%	50.90%
Net interest income	27.19%	27.27%	32.12%	40.10%	45.77%
Investment Income	7.79%	0.21%	0.38%	1.50%	0.65%
Commission, exchange and brokerage	0.00%	0.00%	0.00%	0.01%	0.02%
Other operating income	0.53%	0.90%	1.23%	1.87%	2.66%
	8.32%	1.12%	1.61%	3.37%	3.33%
Total operating income	35.51%	28.38%	33.73%	43.47%	49.10%
Salaries and allowances	6.02%	6.15%	4.95%	6.00%	5.98%
Rent, taxes, insurance, electricity etc.	0.53%	0.56%	0.49%	0.61%	0.58%
Legal expenses	0.13%	0.19%	0.10%	0.16%	0.26%
Postage, stamps, telecommunication etc.	0.12%	0.10%	0.09%	0.23%	0.28%
Stationery, printing, advertisement etc.	0.86%	0.48%	0.98%	1.22%	1.25%
Managing Director's salary and fees	0.35%	0.37%	0.38%	0.42%	0.49%
Directors' fees and expenses	0.04%	0.05%	0.10%	0.14%	0.18%
Auditors' fees	0.01%	0.01%	0.01%	0.02%	0.02%
Charges on loan losses	-	-	-	-	-
Depreciation and repairs to assets	0.93%	0.76%	0.53%	0.76%	0.86%
Other expenses	0.56%	0.75%	0.79%	1.01%	0.87%
	9.56%	9.43%	8.40%	10.56%	10.76%
Total operating expenses	9.56%	9.43%	8.40%	10.56%	10.76%
Profit/(Loss) before provisions	25.95%	18.95%	25.33%	32.92%	38.34%
Provisions for					
Loans, advances and leases	3.35%	-1.16%	2.35%	2.63%	4.48%
Diminution in value of investments	-1.17%	1.16%	0.69%	0.57%	-0.41%
Others	0.57%	0.12%	0.22%	-0.01%	0.26%
	2.75%	0.13%	3.26%	3.18%	4.34%
Total provisions	2.75%	0.13%	3.26%	3.18%	4.34%
Total profit/(loss) before taxation	23.20%	18.83%	22.07%	29.73%	34.00%
Provisions for taxation					
Current	-7.65%	-7.26%	-8.43%	-12.00%	-14.47%
Deferred	-0.12%	-0.15%	-0.04%	-0.03%	0.30%
	-7.77%	-7.41%	-8.47%	-12.03%	-14.17%
Net Profit/(loss) after taxation	15.43%	11.41%	13.60%	17.70%	19.84%

National Housing Finance and Investments Limited

Disclosures under Pillar-III Market Discipline

A) Scope of Application

Qualitative Disclosures:

- These guidelines apply to National Housing Finance and Investments Limited.
- NHFL has no subsidiary companies.
- 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:

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

Conditions for maintaining regulatory capital:

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

Quantitative Disclosures:

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	57.82
General reserve & other reserve	-
Retained earning	34.80
Dividend equalization account	-

- The total amount of Tier 2 capital Taka 13.05 crore
- Other deductions from capital -
- Total Eligible Capital Taka 222.70 crore

C) Capital Adequacy

Qualitative Disclosures:

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

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

- NHFL 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	1043.79
b)	Capital requirement for Market Risk	23.84
c)	Capital requirement for Operational Risk	100.65
d)	Total and Tier 1 Capital ratio:	
	CAR on Total capital basis (%)	19.06%
	CAR on Tier 1 capital basis (%)	17.95%

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 NHFL:

- 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, NHFL also considers Guidelines for Managing Core Risks of financial institutions issued by the Country's Central Bank, Bangladesh Bank; vide FID Circular No.10 dated September 18, 2005 for management of risks.

Approved Credit Policy by the Board of Directors

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

Separate Credit Administration Department

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

Special Assets Management and Collection Team

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

Independent Internal Control and Compliances Department (ICC)

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

Credit Evaluation

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

Credit Approval Process

To ensure both speedy service and mitigation of credit risk, the approval process is maintained through a multilayer system.

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

Early Warning System

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

Methods used to measure Credit Risk

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

Quantitative Disclosures

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

Particulars	Amount in crore Taka
Housing Loan	1,275.21
Loan against fixed deposit	2.32
Staff Loan	2.01
SME Loan	63.30
Lease/Term Loan	4.74
Others	15.26
Total	1,362.84

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

Area	Amount in crore Taka
Dhaka	1,080.74
Chattogram	95.63
Rajshahi	125.14
Rangpur	61.31
Total	1,362.84

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

Sector	Amount in crore Taka
Real Estate and Housing	1,275.21
RMG	0.10
Paper, Printing and Packaging	0.99
Iron, Steel and Engineering	4.72
Textile & Industry	1.03
Food and Allied Products	0.73
Transport & Communication	0.25
Electronics and Electrical Products	1.65
Ship Manufacturing Industry	1.52
Agriculture & Chemicals	27.77
Plastic Industry	2.77
Others	46.10
Total	1,362.84

(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	40.07
Not more than 3 months	4.27
Over 3 months but not more than 1 year	476.76
Over 1 year but not more than 5 years	168.98
Over 5 years	672.76
Total	1,362.84

(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	690.08
Loan over 5 years	672.76
Total	1,362.84

(ii) Specific and general provision

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

Particulars	Amount in crore Taka
Provision on classified loans and advances	11.27
Provision on unclassified loans and advances	15.50
Total	26.77

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

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

Particulars	Amount in crore Taka
Provision on classified loans and advances	3.93
Provision on unclassified loans and advances	3.04
Total	6.97

(g) Gross Non Performing Assets (NPA) (Amount in crore) Taka 72.57crore
Non-Performing Assets (NPAs) to outstanding Loans and Advances 5.27%

Movement of Non-Performing Assets (NPAs)

Particulars	Amount in crore Taka
Opening Balance	70.33
Additions	10.75
Reductions	(8.51)
Closing Balance	72.57

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

Particulars	Amount in crore Taka
Opening Balance	8.71
Provisions made during the period	4.69
Write-off	(1.37)
Written-back of excess provisions	(0.76)
Closing Balance	11.27

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)	9.71
Quoted shares(Cost Price)	11.92
Unquoted shares	0.95

Break up of Total Investment	
Particulars	Amount in crore Taka
Government securities	-
Non marketable securities	-
Preference share	0.95
Investment in share (lock-in)	-
Marketable Securities	11.92
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)	0.12

Area	Amount in crore Taka
Total unrealized gains(Losses)	(2.21)
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 BDT12.87 crore. Capital Requirement is 10% of the said value which stand to BDT 1.28 crore.

General Risk- Market value of investment in equities is BDT12.87crore. Capital Requirement is 10% of the said value which stand to BDT 1.28crore.

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. NHRIL 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 month to 3 months	Over 3 month to 6 months	Over 6 month to 1 year
A. Total Rate Sensitive Liabilities (A)	6.20	2.38	4.45	327.96	494.87
B. Total Rate Sensitive Assets (B)	92.65	18.88	86.92	346.16	194.86
C. Mismatch	86.45	16.49	82.47	18.21	-300.01
D. Cumulative Mismatch	86.45	102.94	185.42	203.63	-96.38
E. Mismatch (%)	1394.03	691.62%	1854.15%	5.55%	-60.62%

Magnitude of Shock	Interest rate risk		
	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)	-1.93	-3.86	-5.78
Revised Regulatory Capital (BDT in Crore)	220.77	218.84	216.92
Risk Weighted Assets (BDT in Crore)	1168.29	1168.29	1168.29
Revised CAR(%)	18.90%	18.73%	18.57%

(G) Market risk

Qualitative Disclosures

Views of BOD on trading/investment activities

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

Methods used to measure Market risk

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

Market Risk Management System

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

Interest Risk Management

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

Market analysis

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

GAP analysis

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

Continuous Monitoring

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

Equity Risk Management

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

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

Quantitative Disclosures

The capital requirements for Market Risk:

Interest rate risk	Amount in crore Taka
Interest rate risk	-
Equity position risk	2.38
Foreign Exchange Position and Commodity risk(If any)	-

(H) Operational Risk:

Qualitative disclosure:

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

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

Performance gap of executives and staffs

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

Potential external events

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

Policies and procedures for mitigating operational risk:

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

Approach for calculating capital charge for operational risk:

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

Quantitative Disclosures:

(b) Capital requirement for operational risk:

Particulars	Amount in crore Taka
Capital requirement for operational risk:	10.07

Dividend distribution policy for National Housing Finance and Investments Limited

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

- (1) The company pay off the annual or final dividend to the entitled shareholder, within 30 (thirty) days of approval in the AGM;
Provided that interim dividend shall be paid off to the entitled shareholder, within 30 (thirty) days of record date.
- (2) Cash dividend distributed in the following manner and procedures, namely:-
 - (i) The company pay off cash dividend directly to the bank account of the entitled shareholder as available in the BO account maintained with the depository participant (DP), or the bank account as provided by the shareholder in paper form, through Bangladesh Electronic Funds Transfer Network (BEFTN)
Provided that the company may pay off such cash dividend through bank transfer or any electronic payment system as recognized by the Bangladesh Bank, if not possible to pay off through BEFTN;
 - (ii) The company, upon receiving the claim on cash dividend from a stock broker or a merchant banker or a portfolio manager for the margin client or customer who has debit balance or margin loan, or as per intention of the client of stock broker or merchant banker or portfolio manager, pay off such cash dividend to the Consolidated Customers' Bank Account (CCBA) of the stock broker or to the separate bank account of the merchant banker or portfolio manager through BEFTN;
 - (iii) The company, in case of non-availability of bank account information or not possible to distribute cash dividend through BEFTN or any electronic payment system, issue cash dividend warrant and send it by post to the shareholder;
 - (iv) The company pay off cash dividend to non-resident sponsor, director, shareholder, or foreign portfolio investor (FPI) through the security custodian in compliance with the rules or regulations in this regard;
 - (v) The company, immediately after disbursement of cash dividend and issuance a certificate of tax deducted at source, if applicable, intimate to the shareholder through a short message service (SMS) to the mobile number or email address as provided in the BO account or as provided by the shareholder;
 - (vi) The company maintain detailed information of unpaid or unclaimed dividend and rationale thereof, as per BO account number-wise or name-wise or folio number-wise of the shareholder;
Provided that the company publish the year-wise summary of its unpaid or unclaimed dividend in the website:
Provided further that any unpaid or unclaimed cash dividend including accrued interest (after adjustment of bank charge, if any) thereon, if remains, shall be transferred to a separate bank account of the company as maintained for this purpose, within 1 (one) year from the date of approval or record date, as the case may be.
- (3) The company credit stock dividend directly to the BO account or issue the bonus share certificate of the entitled shareholder, as applicable, within 30 (thirty) days of declaration or approval or record date, as the case may be, subject to clearance of the exchange(s) and the Central Depository Bangladesh Limited (CDBL);
- (4) The company follow the provisions of সর্বোচ্চ ৪৩ of the ষষ্ঠাংশ (সর্বোচ্চ) অধিদপ্তর, ২০০৮ for issuance of bonus shares:
Provided that the company maintains a Suspend 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 Suspend 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 Suspend 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 Suspend 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.

National Housing Finance and Investments Limited

Declaration by MD and CFO

Date: 24.03.2021

The Board of Directors

National Housing Finance and Investments Limited

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

Subject: Declaration on Financial Statements for the year ended on 31st December 2020

Dear Sirs,

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

- (1) The Financial Statements of National Housing Finance and Investments Limited for the year ended on 31st December, 2020 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, 2020 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,



(Md. Khalilur Rahman)
Managing Director
Date: March 24, 2021



(Sayed Ahmed FCMA)
Chief Financial Officer
Date: March 24, 2021

SARashid & Associates

(Chartered Secretaries)

Noakhali Tower (12th Floor, 13-D)

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E-mail : sarashid12000@yahoo.com, sarashidnasso@gmail.com

S. Abdur Rashid FCS

MBS, MBA (Finance), PGDHRM, LLB, MIPM

Chartered Secretary in Practice

Private Practice Certificate No.: 003

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

We have examined the compliance status to the Corporate Governance Code by National Housing Finance and Investments Limited for the year ended on 31 December 2020. 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 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:

- 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 except as stated in the remarks column of the Statement on Status of Compliance prepared by the Directors of the Company;
- 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;
- 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
- The Governance of the Company is satisfactory.

For
SARashid & Associates



S. Abdur Rashid FCS
Chartered Secretary in Practice

Place : Dhaka
Dated : 29 April 2021

Auditor's Report & Audited Financial Statement



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Bangladesh
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E-mail: info@audit.com.bd
www.audit.com.bd

Independent Auditor's Report To the Shareholders of National Housing Finance and Investments Limited on the Audit of the Financial Statements For the Year Ended 31st December, 2020

Opinion

We have audited the financial statements of National Housing finance and Investments Limited (the Company), which comprise the balance sheet as at 31 December 2020 and the profit and loss accounts, statement of changes in equity and cash flow statements for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying Financial Statements gives true and fair view of the financial position of the company as at 31 December 2020, and of its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2 to the financial statements.

Basis for Opinion

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

Key Audit Matters

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

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

Loans & Advances

Risk	Our response to the risk
<p>Classification</p> <p>The classification of loans & advances are determined by specific Bangladesh Bank's circulars which have wide ranging effect on the financial position and performance of the FI, namely through provisioning requirements.</p> <p>Furthermore, the calculation of RWA (Risk Weighted Assets) is, to some extent, dependent on the classification of loans and advances which ultimately impact the CAR (Capital Adequacy Ratio) – a significant indicators of FI's health under the BASEL - II regime</p>	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> • The credit appraisal, loan disbursement procedures, monitoring and provisioning process; • Identification of loss events, including early warning and default warning indicators; • Reviewed quarterly Financial Institution Classification of Loans (CL);

Furthermore, the recognitions and measurement of these Loans & Advances are dictated by Bangladesh Bank's circulars namely FID circular No. 08 dated 03 August 2002, FID circular No. 03 dated May 2006, FID circular No. 05 dated 18 July 2006, FID circular No. 06 dated 20 August 2006, FID circular No. 02 dated 05 May 2007 and DFIM Circular No. 04 dated 28 June 2007, FIDM Circular No. 1, dated 24th March, 2020 and FIDM Circular Letter No. 05, dated 26th August, 2020 respectively which limits the fair implementation of respective IFRSs.

The Company's disclosures about classifications of loans & advances are included in note 8.07, 8.08 & 8.11 to the financial statements.

Provisioning & write off:

The process for estimating the provision for loans and advances portfolio associated with credit risk is significant 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 and advances of Tk. 13,628,361,018 (2019: Tk. 13,494,876,567) and provision for loans and advances of Tk. 267,747,108 including general provision Tk. 155,034,465 & specific provision Tk. 112,712,642 (2019: Tk. 211,539,323)).

Provision measurement is primarily dependent upon key assumptions relating to probability of default, ability to repossess collateral and recovery rates.

Classified Loans & Advances are written off from the financial statements in accordance with specific Bangladesh Bank's circulars. Writing off loans & advances has drastic impact on the NPL (Non-Performing Loan). Additionally, the write-off of loans and advances are undertaken in line with Bangladesh Bank's circulars which overrides the requirements of IFRSs.

We have focused on the following significant judgments and estimates which could give rise to material misstatement or management bias:

Furthermore, we have assessed on test basis the loan application receipt, assessment, documentation and authorization process against Company's policy and Bangladesh Bank's requirements. Legal expert's views regarding securitization of the loans have also been considered.

As part of our process, we have reviewed the loan files, bank statements, and its provisioning requirements.

Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.

We tested the design and operating effectiveness of key controls focusing on the following:

- Tested the credit appraisal, loan disbursement procedures, monitoring and provisioning process;
- Identification of loss events, including early warning and default warning indicators;
- Reviewed quarterly Classification of Loans (CL);

Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:

- Reviewed the adequacy of the companies general and specific provisions;
- Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information;

Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.

- Completeness and timing of recognition of loss events (provisioning requirements) in accordance with criteria set out in FID circular no-3;
- For individually assessed provisions, the measurement of the provision may be dependent on the valuation of collateral, estimates of exit values and the timing of cash flows;
- Complete identification and timing of loans write-offs including final provisioning adjustment and recognition of qualifying mortgaged assets under non-banking assets.

The Company's disclosures about provisioning and write-off of Loans & Advances are included in note. 14.01, 14.02 & 31 and 8.11 respectively.

Interest Income and Investment Income

Risk	Our response to the risk
<p>At year end the National Housing Finance and Investments Limited reported total Interest Income BDT 1,910,025,179. This interest income includes interest on Home Mortgage Loan, Commercial Mortgage Loan, Project Mortgage Loan, Lease of Industrial Equipment, Vehicles, Delinquent Interest, Interest on Term Finance, Interest on Fixed Deposits, Interest on Short Term Deposit, Interest on Loan against FDR and Interest on Staff Loan. (Note # 19)</p> <p>The National Housing Finance and Investments Limited also reported Investment income TK. 162,270,271 from dividend income, interest income from Govt. treasury bond, capital gain from sales of Govt. treasury bond and gain from sales of shares. (Note #21)</p> <p>There is also a risk that revenue may be overstated due to fraud through manipulation resulting from the pressure local management may feel to achieve performance targets.</p>	<p>We have tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> • 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. <p>Our substantive procedures in relation to the revenue recognition comprises the following:</p> <ul style="list-style-type: none"> • 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.

IT systems and controls

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

Legal & Regulatory Matters

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

<p>These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions which have been established and other contingent liabilities.</p> <p>Overall, the legal provision represents the Company's best estimate for existing legal matters that have estimate for existing legal matters that have a probable and estimable impact on the Company's financial position.</p> <p>The Company's disclosures relating to its legal & regulatory compliance are included in note 3.11 & 2.12 of the financial statements.</p> <p><u>Current Tax:</u></p> <p>The Company reported net current tax liability of Tk. 256,882,433 as at 31 December 2020 (2019: Tk. 408,316,477).</p> <p>The Company's disclosures relating to current tax are include in note 3.07.01, 14.07, 14.07.01 & 14.08 to the financial statements.</p>	<p>We obtained an understanding evaluated the design and tested the operational effectiveness of the Company's key controls over the recognition and measurement of current tax and the assumption used in estimating the Company's tax liability for the current year.</p> <p>Furthermore, we reviewed the correspondences, assessment orders and appeal documents to evaluate the basis of the provisions maintained in the financial statements.</p>
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Deferred Tax Liability

Risk	Our response to the risk
<p><u>Deferred Tax:</u></p> <p>The Company reported net deferred tax Liabilities to totaling Tk. 1,60,70,191 as at 31 December 2020. (2019: 13,508,087)</p> <p>Significant judgment is required in relation to deferred tax assets/liabilities as their recoverability is dependent on forecasts of future profitability over a number of years.</p> <p>The Company's disclosure relating to deferred tax are included in note- 3.07.02, 14.09 & 14.09.01 to the financial statements.</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over the recognition and measurement of DTAs and the assumptions used in estimating the Company's future taxable income.</p> <p>We also assessed the completeness and accuracy of the data used for the estimations of future taxable income.</p> <p>We involved tax specialists to assess key assumptions, controls, recognition and measurement of DTAs.</p> <p>Finally assessed the appropriateness and presentation of disclosures against IAS 12 Income Tax.</p>

Materiality

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

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

Overall materiality	Tk. 21,679,140 (2019: Tk. 20,841,104)
How we determined it	5% of average profit or loss before tax of the last 5 years
Rational for benchmark applied	Based on the benchmarks used in the Annual Report, profit or loss before tax is a key measure used by the shareholders in assessing the performance of the group, and is a generally accepted auditing benchmark.

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

On the basis of our risk assessments together with our assessment of the Company's overall control environment, our judgment was that performance materiality was 75% (2019: 75%) of our planning materiality namely Tk. 16,259,355 (2019: Tk. 15,630,828). We have set performance materiality at this percentage due to our previous experience as auditors of the Company from which we concluded that there is a lower expectation of material financial statement inaccuracies due to the Company's limited business nature and only minor audit differences resulting from our prior and current year work. Our approach is consistent with prior year.

Other Information

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

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

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

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

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosed in note 2.10.13, 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 ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

Report on other Legal and Regulatory Requirements

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

- 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;
- 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;
- 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;
- the expenditures incurred were for the purpose of the Company's business for the year;
- the financial statements of the Company have been drawn up in conformity with the Financial Institutions Act, 1993

and in accordance with the accounting rules and regulations which were issued by Bangladesh Bank to the extent applicable to the Company;

- (vi) provisions have been made for loans, advances, leases, investment and other assets which are, in our opinion, doubtful of recovery and Bangladesh Bank's instructions in this regard have been followed properly;
- (vii) the financial statements of the Company conform to the prescribed standards set in the accounting regulations which were issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- (viii) the records and statements which were submitted by the branches have been properly maintained and recorded in the financial statements;
- (ix) statements sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our attention;
- (x) taxes and other duties were collected and deposited in the government treasury by the Company as per Government instructions found satisfactory based on test checking;
- (xi) nothing has come to our attention that the Company has adopted any unethical means i.e. 'Window dressing' to inflate the profit and mismatch between the maturity of assets and liabilities;
- (xii) proper measures have been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank and the instructions which were issued by Bangladesh Bank and other regulatory authorities have been complied properly as disclosed to us by management;
- (xiii) based on our work as mentioned above under the auditor's responsibility section, the internal control and the compliance of the Company is satisfactory, and effective measures have been taken to prevent possible material fraud, forgery and internal policies are being followed appropriately;
- (xiv) the company has complied with relevant laws pertaining to capital, reserve and net worth, cash and liquid assets and procedure for sanctioning and disbursing loans/leases found satisfactory;
- (xv) we have reviewed over 80% risk weighted assets as shown in note-15.05 to the financial statements of the Company and we have spent around 1,862 person hours for the audit of the books and accounts of the Company;
- (xvi) the Company has complied with relevant instructions which were issued by Bangladesh Bank relevant to classification, provisioning and calculation of interest suspense;
- (xvii) the Company has complied with the 'First Schedule' of Bank Companies Act, 1991 in preparing these financial statements;



AKM Kamrul Islam, FCA
Islam Aftab Kamrul & Co.
Chartered Accountants
DVC No.: 2104040670AS390017

Dhaka,
Dated: 24th March, 2021

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As at December 31, 2020

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Md. Sarwar Kamal FCS
Company Secretary

Md. Khalilur Rahman
Managing Director

Md. Kabir Reza FCMA
Director

Mahbubur Rahman
Chairman


NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED

Profit and Loss Account


For the year ended December 31, 2020


	Note	2020 Taka	2019 Taka
Interest Income	19.00	1,91,00,25,179	2,05,18,42,879
Interest paid on deposits, borrowings etc.	20.00	1,34,36,56,498	1,48,60,20,924
Net interest income		56,63,68,680	56,58,21,955
Investment Income	21.00	16,22,70,271	43,97,834
Commission, exchange and brokerage	22.00	2,000	6,500
Other operating income	23.00	1,10,56,298	1,87,43,844
		17,33,28,569	2,31,48,178
Total operating income		73,96,97,250	58,89,70,133
Salaries and allowances	24.02	12,54,74,269	12,76,85,283
Rent, taxes, insurance, electricity etc.	24.03	1,11,10,244	1,16,69,653
Legal expenses	24.04	26,07,949	39,87,640
Postage, stamps, telecommunication etc.	25.00	25,94,945	19,74,066
Stationery, printing, advertisement etc.	26.00	1,79,51,025	1,00,39,628
Managing Director's salary and fees	27.00	72,00,000	76,00,000
Directors' fees and expenses	24.01	8,44,800	11,24,800
Auditors' fees	28.00	2,87,500	2,87,500
Charges on loan losses		-	-
Depreciation and repairs to assets	29.00	1,94,07,079	1,58,07,434
Other expenses	30.00	1,16,55,970	1,55,06,433
Total operating expenses		19,91,33,781	19,56,82,437
Profit/ (Loss) before provisions		54,05,63,469	39,32,87,695
Provisions for			
Loans, advances and leases	31.00	6,97,07,865	(2,39,94,355)
Diminution in value of investments	31.01	(2,44,22,500)	2,41,31,612
Others	31.02	1,19,18,774	25,27,590
Total provisions		5,72,04,139	26,64,847
Total profit/(loss) before taxation		48,33,59,330	39,06,22,848
Provisions for taxation			
Current	14.08	(15,94,03,849)	(15,06,36,500)
Deferred	14.08	(25,62,103)	(31,78,821)
Net Profit/(loss) after taxation		32,13,93,377	23,68,07,527
Appropriations:			
Statutory reserve	16.00	6,42,78,675	4,73,61,505
General reserve		-	-
Dividend etc.		-	-
		6,42,78,675	4,73,61,505
Retained surplus		25,71,14,702	18,94,46,022
Earnings per share	32	2.75	2.02

Annexed notes from an integral part of these financial statements


Md. Sarwar Kamal FCS
Company Secretary


Md. Khalilur Rahman
Managing Director


Md. Kabir Reza FCMA
Director


Mahbubur Rahman
Chairman

NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED

Cash Flow Statement For the year ended December 31, 2020

	2020 Taka	2019 Taka
A. Cash flows from operating activities		
Interest receipts in cash	1,99,37,94,832	2,10,17,47,491
Interest payments	(1,43,25,64,604)	(1,40,99,01,392)
Dividend receipts	70,37,290	34,05,417
Fees and commissions receipts in cash	2,000	6,500
Recoveries on loans previously written off	-	4,04,08,513
Cash payments to employees	(12,74,57,955)	(13,51,04,107)
Cash payments to suppliers	(2,08,29,989)	(1,24,01,028)
Income taxes paid	(12,93,44,755)	(14,59,87,063)
Income received from investments	16,30,49,755	-
Receipts from other operating activities	1,22,16,628	1,97,36,261
Payments for other operating activities	(2,65,06,463)	(3,25,76,026)
Cash generated from operating activities before changes in operating assets and liabilities	43,93,96,739	42,93,34,565
Increase/(decrease) in operating assets and liabilities:		
Statutory deposits	-	-
Purchase/sale of trading securities	(14,71,46,118)	(1,13,09,08,976)
Loans, advances and leases to the client	(1,58,00,842)	3,10,52,828
Other assets	-	-
Right-of-use Assets	(80,08,958)	-
Term deposits	26,55,17,111	(2,90,30,33,725)
Other deposits	(1,52,729)	(4,14,942)
Trading liabilities	-	-
Other liabilities	5,82,00,817	5,79,92,153
Net cash flow from operating activities	15,26,09,281	(3,94,53,12,662)
B. Cash flows from investing activities	59,20,06,020	(3,51,59,78,097)
Proceeds from sale of securities	(54,52,238)	66,31,909
Payments for purchase of securities	(66,12,07,674)	-
Purchase /sale of property, plant & equipment	(2,51,95,676)	(10,10,63,727)
Purchase /sale of subsidiary	-	-
Net cash from investing activities	(69,18,55,588)	(9,44,31,818)
C. Cash flows from financing activities		
Receipts from issue of loan capital & debt securities	-	-
Payments for redemption of loan capital & debt securities	-	-
Receipt from ordinary shares	-	-
Loan from banks	(77,97,46,074)	(13,12,77,498)
Dividend paid	(11,70,31,200)	(10,63,92,000)
Net cash from financing activities	(89,67,77,274)	(23,76,69,498)
D. Net increase/(decrease) in cash	(99,66,26,841)	(3,84,80,79,413)
E. Effects of exchange rate changes on cash and cash equivalent		
F. Cash and cash equivalent at beginning of the year	3,79,16,75,024	7,63,97,54,437
G. Cash and cash equivalent at end of the year	2,79,50,48,183	3,79,16,75,024
Cash and cash equivalent at end of the year		
Cash in hand (including foreign currencies)	47,790	48,259
Balance with Bangladesh Bank and its agent bank(s) (including foreign currency)	18,50,18,179	25,82,88,276
Balance with banks and other financial institutions	2,60,99,82,215	3,53,33,38,489
Money at call and on short notice	-	-
Net Operating Cash Flow Per Share (NOCFPS) (Note- 42.01)	2,79,50,48,183	3,79,16,75,024
	5.06	(30.04)

Annexed notes from an integral part of these financial statements


Md. Sarwar Kamal FCS
Company Secretary


Md. Khalilur Rahman
Managing Director


Md. Kabir Reza FCMA
Director


Mahbubur Rahman
Chairman

NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED

Statement of Changes in Equity

For the year ended December 31, 2020

Figures in Taka

Particulars	Paid-up Capital Reserve	Statutory Reserve	General Earnings	Retained	Total
Balance as at January 01, 2020	1,17,03,12,000	51,39,00,724	-	20,79,17,004	1,89,21,29,727
Changes in accounting policy	-	-	-	-	-
Restated balance	1,17,03,12,000	51,39,00,724	-	20,79,17,004	1,89,21,29,727
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	-	-	-	32,13,93,377	32,13,93,377
Dividends	-	-	-	(11,70,31,200)	(11,70,31,200)
Issue of Bonus share	-	6,42,78,675	-	(6,42,78,675)	-
Transfer to statutory reserve	-	57,81,79,359	-	34,80,00,506	2,09,64,91,904
Balance as at December 31, 2020	1,17,03,12,000	57,81,79,359	-	34,80,00,506	2,09,64,91,904

Annexed notes from an integral part of these financial statements


Md. Sarwar Kamal FCS
Company Secretary


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Managing Director


Md. Kabir Reza FOMA
Director


Mahabubur Rahman
Chairman

NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED

Liquidity Statement (Maturity Analysis of Assets & Liabilities)

As at December 31, 2020

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	47,790	-	-	-	-	47,790
Balance with Bangladesh Bank and its agents	18,50,18,179	-	-	-	-	18,50,18,179
Balance with other banks and financial institutions	62,34,63,277	1,02,00,00,000	96,65,18,538	-	-	2,60,99,82,215
Investments	11,92,18,571	94,92,839	-	66,12,07,674	-	78,99,19,084
Money at call and on short notice	-	-	-	-	-	-
Loans, advances and leases	40,07,34,612	4,36,71,276	4,76,76,17,088	1,68,98,19,116	6,72,75,18,926	13,62,83,61,018
Fixed assets including premises, furniture and fixtures	-	-	-	-	31,96,60,502	31,96,60,502
Other assets	11,45,49,352	-	13,41,97,295	2,40,000	5,94,460	24,95,81,107
Non-financial institution assets	-	-	-	-	-	-
Total Asset	1,44,30,31,781	1,07,21,64,115	5,96,83,33,320	2,35,12,66,790	7,04,77,73,888	17,78,25,69,894
Liabilities						
Borrowing from banks, other financial institutions and agents	2,36,50,889	6,83,29,859	41,70,01,489	32,65,68,112	1,41,40,539	84,97,30,838
Deposits and other accounts	3,83,23,741	-	7,81,12,92,567	2,06,76,94,960	3,59,36,02,854	13,51,09,14,122
Provision & other liabilities	49,71,67,705	1,92,19,564	27,29,52,624	53,17,07,088	43,86,049	1,32,54,33,030
Total Liabilities	55,91,82,295	8,75,49,424	8,50,12,46,680	2,92,59,70,160	3,61,21,29,442	15,68,60,77,990
Net Liquidity Gap	88,38,49,495	98,46,14,691	2,63,29,13,359	(57,47,03,370)	3,43,56,44,446	2,09,64,91,904

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

Annexed notes from an integral part of these financial statements


Md. Sarwar Kamal FCS
Company Secretary


Md. Khalilur Rahman
Managing Director


Md. Kabir Reza FOMA
Director


Mahabubur Rahman
Chairman

NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED

Notes to the Financial Statements

For the year ended December 31, 2020

1.00 Company and its activities

1.01 Legal status and nature of the company

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

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

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

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

1.02 Principal Activities of NHFIL

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

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

2.01 Statement of Compliance

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

2.02 Basis of Accounting

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

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

Bangladesh Bank (the local Central Bank) is the prime regulatory body for Non-Banking Financial Institutions (NBFI) in Bangladesh. Some requirements of Bangladesh Bank's rules and regulations contradict with those of financial instruments and general provision standards of IAS and IFRS. As such the Company has prepared for 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 a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained. However such general provision satisfy the conditions of provision as per IFRS 9. At the year end the Company has recognized an accumulated general provision of BDT 155,034,465 (out of accumulated provision of BDT 306,128,498) 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, once a loan is classified, interest on such loans are not allowed to be recognized as income, rather the corresponding amount needs to be credited to an interest in suspense account, which is presented as liability in the balance sheet.

2.03.04 Other comprehensive income

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

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

2.03.05 Financial instruments – presentation and disclosure

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 24 March, 2021.

2.04.01 Components of the financial statements

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

- Balance Sheet as at 31 December 2020.
- Profit and Loss Account for the year ended 31 December 2020.
- Statement of Cash Flows for the year ended 31 December 2020.
- Statement of Changes in Equity for the year ended 31 December 2020.
- Liquidity Statement for the year ended 31 December 2020 and
- Notes to the Financial Statements for the year ended 31 December 2020.

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 NHFL.

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
- Gratuities
- Useful life of depreciable assets

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

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

Contingent liabilities and contingent assets

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

2.07 Branch accounting

The Company has seven branches, with no overseas branch as on 31 December 2020. Accounts of the branches are maintained at the corporate office from which these accounts are drawn up.

2.08 Liquidity Analysis

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

- On the basis of residual maturity term:
 - Money at call and on short notice
 - Balance with Banks
 - Investments

- Borrowing from Banks and Financial Institutions
- Public deposits
- Other liabilities
- Loans and advances on the basis of their repayment schedule
- 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, 2020 to December 31, 2020.

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 outbreak of COVID 19 across the world has resulted in disruptions in the business activities everywhere. COVID-19 poses existential threats on the ability of a business to survive, which in turn have significant financial reporting impacts – from going concern and liquidity to recoverability and valuation of assets

"However, the COVID-19 virus can evolve in various directions. If society, and as a consequence business, is exposed to COVID-19 for a longer period of time, this may result in prolonged negative results and pressure on our liquidity and profitability. However, NHFL has taken and will take various measures to keep the Company's going concern status:

Response to address the COVID-19 Effects:

I) This includes ensuring adequate safety and health measures for the employees like social distancing and working from home to ensure the safety of the employees;

II) Prudent balance sheet and cash management to ensure enough liquidity to manage all obligations;

III) Introducing and implementing contingency plans for liquidity and putting into controls for regular monitoring;

IV) Effective cost control measures are already in place to combat the unprecedented situation;

V) Reduce certain expenses which is required in normal business scenario but not 100% applicable during overall slowdown of macroeconomic and industry specific environment;

Furthermore, the management is continuously monitoring NHFL's key ratios and is confident enough to undertake all crisis management and business continuity measures. The Management of the company has performed extensive analysis on the possible impact and has responded through adequate measures mitigating possible impacts. Through conducting a stringent review and an assessment of the levels of facilities expected to be available to the company, the management strongly believes that the NHFL has adequate resources for a period of at least 12 months from the date of authorized for issue of the financial statements.

So, based on the facts and circumstances known at this moment, the management believes there is no material uncertainty that may cast any doubt upon the NHFL's ability to continue as a going concern"

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

2.12 Legal proceedings

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

3.00 Significant accounting policies

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

3.01 Authorized Capital

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

3.02 Paid up Capital

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

3.03 Statutory Reserve

Statutory reserve has been maintained @ 20.00% of profit after tax in accordance with provisions of section 9

of the Financial Institutions Act 1993 until such reserve equal to its paid up capital.

3.04 Revenue Recognition

3.04.01 Interest Income

Mortgage Loans

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

Lease Finance

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

Term Finance

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

Fixed Deposits

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

3.04.02 Investment Income

Income on investment is recognized on accrual basis.

3.04.03 Fees and Commission Income

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

3.05 Expenditure Recognition

3.05.01 Interest Paid and Other Expenses

Interest paid and other expenses are recognized on accrual basis.

3.05.02 Loan Loss Provision

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

3.05.03 Fixed Assets

i) Recognition and measurement

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

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, 2020 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, 2020. 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 2020 has been stated as post balance sheet events in note 47.00.

3.10 Related party disclosure

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

3.11 Regulatory & Legal Compliances

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

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

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

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

Name of the IAS	IAS No	Status of Compliance
Presentation of Financial Statements	IAS-01	Applied
Inventories	IAS-02	Not Applicable
Cash Flow Statements	IAS-07	Applied
Accounting Policies, Changes in Accounting Estimates & Errors	IAS-08	Applied
Events after the Reporting Period	IAS-10	Applied
Income Taxes	IAS-12	Applied
Segment Reporting	IAS-14	Not Applicable
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
Interest in Joint Venture	IAS-31	Not Applicable
Financial Instrument Presentation	IAS-32	Applied
Earnings Per Share	IAS-33	Applied
Interim Financial Reporting	IAS-34	Applied
Impairment of Assets	IAS-36	Applied
Provisions, Contingent Liabilities and Contingent Assets	IAS-37	Applied
Intangible Assets	IAS-38	Applied
Investment Property	IAS-40	Not Applicable
Agriculture	IAS-41	Not Applicable
First Time adoption of IFRS	IFRS-1	Not Applicable
Share Based Payment	IFRS-2	Not Applicable
Business Combination	IFRS-3	Not Applicable
Insurance Contracts	IFRS-4	Not Applicable
Non-current Assets held for Sale and Discontinued Operations	IFRS-5	Not Applicable
Explanation for and Evaluation of Mineral Resources	IFRS-6	Not Applicable
Financial Instruments: Disclosures	IFRS-7	Applied *
Operating Segments	IFRS-8	Applied
Financial Instruments	IFRS-9	Applied *
Consolidated Financial Statements	IFRS-10	Not Applicable
Joint Arrangements	IFRS-11	Not Applicable
Disclosure of Interests in Other Entities Financial Institutions	IFRS-12	Not Applicable
Fair Value Measurement	IFRS-13	Applied *
Revenue from Contracts with customers	IFRS-15	Applied
Leases	IFRS-16	Applied

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

3.13 Financial risk management

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

Credit Risk

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

Market Risk

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

Liquidity Risk

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

Operational Risk

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

Money Laundering and Terrorist Financing Risk

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

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

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

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

Additional risks required to be addressed under regulatory requirements

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

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

Strategic Risk

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

NHFL 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 NHFL 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, NHFL 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 NHFL 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.

NHFL 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, NHFL 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. NHFL 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. NHFL also have a dedicated E & S team to rollout the operations of ESMS across the organization, capacity building of the business unit as well as the credit risk management officials to strengthen the core of our in E & S Risk management.

ICT Risks

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

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

4.00 Cash

Cash in hand:

Local currency
Foreign currencies

2020 Taka	2019 Taka
47,790	48,259
-	-
47,790	48,259
Balance with Bangladesh Bank and its agent Bank:	
Local currency	
18,50,18,179	25,82,88,276
-	-
18,50,18,179	25,82,88,276
18,50,65,969	25,83,36,535

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 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.

4.01.01 Cash Reserve Requirement (CRR)

Required reserve
Actual reserve held
Surplus/(deficit)

18,13,07,727	24,93,83,411
18,50,18,179	25,82,88,276
37,10,452	89,04,865

4.01.02 Statutory Liquidity Reserve (SLR)

Required reserve
Actual reserve held (including CRR)
Surplus/(deficit)

67,04,77,746	56,74,12,677
3,21,16,28,498	3,41,68,79,604
2,54,11,50,753	2,84,94,66,927

5.00 Balance with banks and other financial institutions

5.01 In Bangladesh

On current accounts (note: 5.01.01)
On Short Term Deposit (STD) Accounts (note: 5.01.02)
On Fixed Deposit Account (note: 5.01.03)

68,99,149	1,11,07,041
61,65,64,128	44,22,31,448
1,98,65,18,938	3,08,00,00,000
2,60,99,82,215	3,53,33,38,489

Outside Bangladesh

-	-
2,60,99,82,215	3,53,33,38,489

5.01.01 On Current Accounts

AB Bank Limited
Agrani Bank Limited
Bank Asia Limited
Janata Bank Limited
EXIM Bank Limited
National Bank Limited
Woori Bank Limited
Trust Bank Limited
Mercantile Bank Limited
The City Bank Limited

1,81,050	1,84,465
5,05,820	5,43,144
46,32,257	63,96,816
11,983	2,810
9,08,179	8,22,508
4,84,264	25,08,081
20,305	24,955
11,600	12,290
1,43,691	6,11,972
-	-
68,99,149	1,11,07,041

5.01.02 On Short Term Deposit (STD) Accounts

	2020 Taka	2019 Taka
Islami Bank Bangladesh Limited	27,83,678	48,02,703
AB Bank Limited	1,79,089	1,77,187
Commercial Bank of Ceylon PLC	65,468	26,31,592
Dutch Bangla Bank Limited	9,19,983	5,31,570
Bank Asia Limited	14,41,858	85,84,477
Mutual Trust Bank Limited	1,36,512	23,336.50
Eastern Bank Limited	61,83,775	16,09,166
Exim Bank Limited	4,09,23,436	9,19,036
Jamuna Bank Limited	2,36,64,236	4,36,99,391
National Bank Limited	54,97,173	30,62,311
National Credit and Commerce Bank Limited	13,65,653	34,39,844
NRB Bank Limited	34,72,639	5,83,495
One Bank Limited	25,82,539	29,60,449
Prime Bank Limited	8,13,801	2,12,838
Premier Bank Limited	3,42,756	33,40,816
Pubali Bank Limited	3,78,203	5,56,719
Shahjalal Islami Bank Limited	29,25,640	36,01,654
Social Islami Bank Limited	13,08,177	26,68,773
Standard Bank Limited	3,46,038	2,03,152
Standard Chartered Bank Limited	2,49,370	2,01,275
Sonali Bank Limited	1,17,990	3,91,678
SBAC Bank Limited	1,07,510	82,685
Southeast Bank Limited	27,66,41,241	10,78,99,137
International Leasing and Financial Services Limited	15,20,85,333	15,20,85,333
Premier leasing & Finance Limited	6,10,00,000	6,10,00,000
Fareast Finance Limited	1,28,00,000	1,60,00,000
Trust Bank Limited	1,87,918	6,11,163
Dhaka Bank Limited	1,33,32,864	1,46,05,474
Padma Bank Limited	50,711	49,462
Uttara Bank Limited	22,58,642	-
Bank Alfalah Limited	52,329	55,519
Mercantile Bank Limited	23,49,565	56,41,212
	61,65,64,128	44,22,31,448

5.01.03 On Fixed Deposit Account

Dhaka Bank Limited	50,00,00,000	2,00,00,00,000
Exim Bank Limited	21,65,18,938	40,00,00,000
Jamuna Bank Limited	5,00,00,000	-
Uttara Bank Limited	15,00,00,000	-
One Bank Limited	-	20,00,00,000
SBAC Bank Limited	50,00,00,000	35,00,00,000
Social Islami Bank Limited	7,00,00,000	3,00,00,000
Uttara Finance & Investments Limited	-	10,00,00,000
Agrani Bank Limited	50,00,00,000	-
	1,98,65,18,938	3,08,00,00,000

5.02 Maturity Grouping of Balance with other Banks and Financial Institutions

On demand	62,34,63,277	45,33,38,489
Up to 3(three) months	1,02,00,00,000	7,70,00,000
More than 3(three) months but not more than 1(one) year	96,65,18,938	1,97,25,54,367
More than 1(one) year but not more than 5(five) years	-	1,03,04,45,633
More than 5(five) years	-	-
	2,60,99,82,215	3,53,33,38,489

6.00 Money at call and on short notice

With Banking Companies	-	-
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7.00 Investments

Government securities	66,12,07,674	-
Other investments (note: 7.01)	12,87,11,410	12,32,59,172
	78,99,19,084	12,32,59,172

7.01 Other Investments

Preference Shares (Union Capital)	94,92,839	1,00,00,000
Ordinary Shares (note: 7.01.01)	11,92,18,571	11,32,59,172
	12,87,11,410	12,32,59,172

7.01.01 Investment in ordinary shares

Name of Company	Cost Price	Number of Shares	Cost Value	Market Price	Market Value as on 31.12.2020	Provision for diminution in value of share
ACI Formulations Limited	183.19	1,74,160	3,19,05,228	118.10	2,05,68,296	1,13,36,932
The ACME Laboratories Limited	88.00	1,65,000	1,45,20,742	74.70	1,23,25,500	21,95,242
Dominage Steel Building Systems Limited	9.26	1,985	18,380	34.50	68,483	(50,103)
ROBI Axiata Limited	10.00	2,71,253	27,12,530	29.80	80,83,339	(53,70,809)
Crystal Insurance Company Limited	10.00	10,878	1,08,780	39.40	4,28,593	(3,19,813)
IDLC Finance Limited	73.40	4,20,000	3,08,27,814	63.40	2,66,28,000	41,99,814
Advent Pharma Limited	25.86	55,000	14,22,361	22.80	12,54,000	1,68,361
Titas Gas Limited	43.33	4,95,000	2,14,47,356	30.80	1,52,46,000	62,01,356
Power Grid Company of Bangladesh Limited	47.18	1,10,000	51,89,458	41.80	45,98,000	5,91,458
Ring Shing Textiles Limited	8.61	1,306	11,244	6.40	8,358	2,886
Sea Pearl Beach Resort & Spa Limited	9.53	1,865	17,764	79.10	1,47,522	(1,29,757)
Golden Harvest Agro Industries Limited	32.08	52,500	16,84,087	16.70	8,76,750	8,07,337
Lafarge Holcim Bangladesh Limited	64.50	1,45,000	93,52,827	47.80	69,31,000	24,21,827
Total				11,92,18,571	9,71,63,841	2,20,54,730
Opening Balance				4,64,77,230	2,23,45,618	
Charge / (recovery) during the year				(2,44,22,500)	2,41,31,612	
Balance as on December 31, 2020				2,20,54,730	4,64,77,230	

7.01.02 Maturity-wise Grouping	
On demand	11,92,18,571
Up to 3(three) months	94,92,839
More than 3(three) months but not more than 1(one) year	-
More than 1(one) year but not more than 5(five) years	66,12,07,674
	78,99,19,084

8.00 Loans and advances

Mortgage loans	12,75,20,99,748	12,51,64,87,107
Lease finance	4,73,81,358	7,76,27,236
Term loans	15,25,92,270	21,87,45,701
Small & Medium Enterprises Loan	63,29,53,975	64,65,25,688
Loan Against Fixed Deposits	2,32,04,692	1,43,81,287
Staff loan (note: 8.05)	2,01,28,975	2,11,09,547
	13,62,83,61,018	13,49,48,76,567

8.01 Maturity-wise Grouping of loans and advances

Up to 1 (one) months	40,07,34,612	38,87,34,612
Up to 3(three) months	4,26,71,276	2,76,71,276
More than 3(three) months but not more than 1(one) year	4,76,76,17,088	4,72,26,17,088
More than 1(one) year but not more than 5(five) years	1,68,98,19,116	1,63,48,19,116
More than 5(five) years	6,72,75,18,926	6,72,10,34,475
	13,62,83,61,018	13,49,48,76,567

8.02 Loans, Advances and Leases

In Bangladesh		
Loans	13,58,09,79,660	13,41,72,49,331
Leases	4,73,81,358	7,76,27,236
Overdraft	-	-
Cash Credit	-	-
	13,62,83,61,018	13,49,48,76,567
Outside Bangladesh	-	-
	13,62,83,61,018	13,49,48,76,567

8.03 Geographical Location-wise Grouping

In Bangladesh		
Dhaka division	10,80,74,28,541	10,67,83,71,111
Chattogram division	95,63,42,525	92,48,62,514
Khulna division	-	-
Sylhet division	-	-
Barisal division	-	-
Rangpur division	61,31,18,811	61,39,14,613
Rajshahi division	1,25,14,71,140	1,27,77,28,329
	13,62,83,61,018	13,49,48,76,567
Outside Bangladesh	-	-
	13,62,83,61,018	13,49,48,76,567

	2020 Taka	2019 Taka
8.04 Significant Concentration-wise Grouping		
Directors & their related parties (Note: 53.00)	-	-
Staff:		
Managing Director	-	89,99,812
Senior Executives	2,01,28,975	1,21,09,735
Others	2,32,04,692	1,43,81,287
	4,33,33,667	3,54,90,834
Industries:		
Agricultural loan	27,63,72,245	23,49,36,989
Large and medium enterprises	55,30,79,074	64,65,25,688
Small and cottage	34,76,284	6,14,35,948
	83,29,27,603	94,28,98,625
Mortgage Loan		
Home mortgage loan	10,93,57,61,855	10,77,88,32,549
Commercial mortgage loan	1,44,01,17,102	1,36,08,83,721
Project mortgage loan	37,62,20,791	37,67,70,837
	12,75,20,99,748	12,51,64,87,107
Trade & commercial		
	13,62,83,61,018	13,49,48,76,567
8.05 Staff Loan		
Personal loan	1,83,59,347	1,91,74,349
Car loan	17,69,628	19,35,198
	2,01,28,975	2,11,09,547
8.06 Details of Large Loan		
As at 31 December 2020 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 2,228.37 million and Taka 2,022.46 million respectively as at 2020 & 2019 respectively (note: 15.05).		
8.07 Grouping as per Classification Rules		
Unclassified:		
Standard	12,64,16,86,794	12,30,61,58,922
Special Mention Account	26,09,03,166	48,54,57,080
Classified:	12,90,25,89,960	12,79,16,16,002
Sub-standard	11,80,91,702	12,49,23,021
Doubtful	11,60,98,061	21,28,02,282
Bad/loss	49,15,81,295	36,55,35,263
	72,57,71,058	70,32,60,565
	13,62,83,61,018	13,49,48,76,567
8.08 Loan Type-wise Classified Loan		
Mortgage loans	42,47,29,707	33,56,90,562
Lease finance	3,49,78,202	6,89,24,912
Term Finance	7,44,99,082	7,25,74,120
Small & Medium Enterprises	19,15,64,067	22,60,70,971
	72,57,71,058	70,32,60,565

	2020 Taka	2019 Taka			
8.09 Sector-wise Allocation of Loans, Advances and Leases					
Government					
Private:					
Mortgage loan	11,31,19,82,646	11,15,56,03,386			
Industry	4,73,81,358	7,76,27,236			
Term Finance	15,25,92,270	21,87,45,701			
Commercial loan	1,44,01,17,102	1,36,08,83,721			
SME Loan	63,29,53,975	64,65,25,688			
Miscellaneous	4,33,33,667	3,54,90,834			
	13,62,83,61,018	13,49,48,76,567			
8.10 Securities Against Loans, Advances and Leases					
Collateral of moveable/immovable assets	13,58,50,27,351	13,45,93,85,733			
Fixed Deposit Receipts (FDR)	2,32,04,692	1,43,81,287			
Fixed Deposit of other banks	-	-			
Personal guarantee	2,01,28,975	2,11,09,547			
Others	13,62,83,61,018	13,49,48,76,567			
8.11 Particulars of Required Provision for Loans, Advances and Leases					
Status	Outstanding Loans, Advances and Leases as at 31.12.2020	Base for Provision	Rate of Required Provision	Required Provision	Required Provision
For Loans, Advances and Leases:					
Unclassified-General Provision:					
All unclassified Loans	12,64,16,86,794	12,64,16,86,794	0.25% & 1%	12,60,53,887	12,02,91,731
Special Mention Account (SMA)	26,09,03,166	23,64,18,497	5.00%	1,18,20,925	2,20,11,793
Sub-total:	12,90,25,89,960	12,87,81,05,291		13,78,74,812	14,23,03,524
Classified-Specific Provision:					
Sub-standard	11,80,91,702	6,16,32,445	20.00%	1,23,26,489	57,41,530
Doubtful	11,60,98,061	91,04,672	50.00%	45,52,337	1,21,91,068
Bad/Loss	49,15,81,295	7,79,93,470	100.00%	7,79,93,470	5,13,03,202
Sub-total:	72,57,71,058	14,87,30,588		9,48,72,297	6,92,35,799
Grand-total:	13,62,83,61,018	13,02,68,35,880		23,27,47,109	21,15,39,323

Note- Excess provision kept for the year 2020 for an amount of Taka 3,50,00,000/-.

8.12

Particulars of Loans, Advances and Leases

Loans considered good in respect of which the Company is fully secured

Loans considered good against which the Company holds no security other than debtors' personal guarantee

Loans considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors

Loans adversely classified-no provision not maintained there against

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

Loans due from companies or firms in which the directors or officers of the Company have interest as directors, partners or managing agents or, in case of private companies, as members

Maximum total amount of advance, including temporary advance made 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)
- b) Loans written off
- c) Realized from previous written off
- d) Provision on bad loans, advances and leases
- e) Interest credited to the interest suspense account (Note-14.05)
- f) Cumulative amount of the written off loans/Leases:
- Opening balance
- Amount written off during the year
- Cumulative to date
- Recovery from write-off
- Written off loans for which law suit filed

2020 Taka	2019 Taka
13,60,82,32,043	13,47,37,67,020
1,83,59,347	1,91,74,349
17,69,628	-
-	-
13,62,83,61,018	13,49,29,41,369
8,50,47,645	8,60,28,217
-	-
-	-
-	-
-	-
-	-
-	-
49,15,81,295	36,55,35,263
1,67,19,641	-
-	(4,04,08,513)
9,48,72,297	6,92,35,799
22,55,78,590	18,78,57,462
29,94,17,144	33,98,25,657
1,67,19,641	-
31,61,36,785	33,98,25,657
-	4,04,08,513
31,61,36,785	9,94,17,144

8.13

The directors of the Company have not taken any loan from National Housing during the year or there is no outstanding loan balances with any directors of the company.

9.00 Fixed assets including premises, furniture and fixtures for 2020

Cost

Opening balance

Add: Addition during the year (Annexure - A)

Less: Disposed during the year (Annexure-A)

Balance as on 31.12.2020

Less: Accumulated depreciation (9.02)

Written down value as on 31.12.2020

9.02

Accumulated depreciation

Opening balance

Add: Depreciation charged during the year

Less: Adjustment during the year

Balance as on 31.12.2020

For details please refer to Annexure - A

2020 Taka	2019 Taka
39,87,35,944	29,76,72,217
2,51,95,676	10,10,63,727
42,39,31,620	39,87,35,944
-	-
42,39,31,620	39,87,35,944
(10,42,71,118)	(8,51,48,058)
31,96,60,502	31,35,87,886
8,51,48,058	6,97,27,958
1,91,23,060	1,54,20,100
10,42,71,118	8,51,48,058
-	-
10,42,71,118	8,51,48,058

	2020 Taka	2019 Taka
10.00 Other assets		
Income Generating Other Assets:	-	-
Non-income Generating Other Assets:		
Advance against fixed assets (note: 10.03)	2,40,000	98,54,000
Security deposits	5,94,460	2,54,460
Advance income tax (note: 10.01)	13,41,97,295	31,56,90,434
Advance against branch office	-	65,000
Advance against office rent (note: 10.04)	-	16,29,501
Stamp & Security Paper	5,87,200	1,76,370
Other receivables (note: 10.02)	11,39,62,152	18,86,32,896
	24,95,81,107	51,63,02,661
10.01 Advance Income Tax		
Balance as at 1st January	31,56,90,434	33,23,60,403
Add: Advance tax for the year:		
Tax paid during the year	9,56,14,674	9,67,37,500
Tax deducted at source	3,37,30,081	4,92,49,563
Less: Adjusted against tax provision	(31,08,37,894)	(16,26,57,033)
	(18,14,93,139)	(1,66,69,970)
Balance as at 31th December	13,41,97,295	31,56,90,434
10.02 Other Receivables		
Cheque dishonored charges	2,72,460	3,36,777
Accounts receivable	6,67,66,370	5,33,74,302
Interest on bank deposits	2,90,49,879	11,28,19,532
Receivable from Dhaka Stock Exchange Ltd.	-	-
Receivable from Multi Securities	5,770	6,220
Receivable from ETBL Securities	13,100	4,41,321
Receivable from UFT Co. Ltd	10,19,279	21,90,558
Legal charges receivable	1,63,00,539	1,59,38,154
Others	5,34,755	35,26,034
	11,39,62,152	18,86,32,896
10.03 Advance against fixed assets		
Opening balance	98,54,000	9,46,90,027
Add: Advance payment	-	96,02,000
Less : Transfer to fixed assets	96,14,000	9,44,38,027
	2,40,000	98,54,000
10.04 Advance against office rent		
Opening balance	16,29,501	18,38,500
Add: Advance payment	-	9,00,000
Less : Adjustment for the year	16,29,501	11,08,999
	-	16,29,501
11.00 Non-banking assets	-	-

	2020 Taka	2019 Taka
12.00 Borrowing from banks, other financial institutions and agents		
Secured		
In Bangladesh:		
Secured Overdraft:		
Banking companies:		
Eastern Bank Limited	2,37,586	8,08,90,698
Mercantile Bank Limited	9,517	4,62,61,207
SBAC Bank Limited	-	24,37,11,239
Exim Bank Limited	-	10,00,73,611
Uttara Bank Limited	40,586	-
Pubali Bank Limited	2,37,782	19,99,70,584
Mutual Trust Bank Limited	3,021	1,60,858
	6,08,493	67,10,68,198
Non-banking financial institution	-	-
	6,08,493	67,10,68,198
Outside Bangladesh		
Sub-total:	6,08,493	67,10,68,198
Term Loan :		
Banking companies:		
Agrani Bank Limited	22,65,54,052	17,99,98,362
Woori Bank Limited	16,20,00,000	16,20,00,000
Eastern Bank Limited	19,30,08,841	24,52,35,059
	58,15,62,893	58,72,33,421
Non-banking financial institution	-	-
	58,15,62,893	58,72,33,421
Outside Bangladesh		
Sub-total:	58,15,62,893	58,72,33,421
Bangladesh Bank Loan:		
SME loan	8,62,43,847	16,11,63,602
HML Refinance Scheme	18,13,15,605	21,00,11,691
Secured loan from others	-	-
Sub-total:	26,75,59,452	37,11,75,293
Un-secured		
Money at call and on short notice: (note-12.02)		
Banking companies:		
Sonali Bank Limited	-	-
Agrani Bank Limited	-	-
Pubali Bank Limited	-	-
Janata Bank Limited	-	-
Non-banking financial institution	-	-
	-	-
Un-secured		
Short term borrowing		
Banking companies:		
Lankan Alliance Finance Limited	-	-
SBAC Bank Limited	-	-
	-	-
Total:	84,97,30,838	1,62,94,76,912

	2020 Taka	2019 Taka
12.01 Remaining Maturity Grouping of Borrowing		
Payable on demand	-	-
Up to 1(one) month	2,36,90,839	11,98,31,848
Over 1(one) month to 3(three) months	6,83,29,859	30,16,35,360
Over 3(three) months to 1(one) year	41,70,01,489	64,76,95,460
Over 1(one) year to 5(five) years	32,65,68,112	56,03,14,244
More than 5(five) years	1,41,40,539	-
	84,97,30,838	1,62,94,76,912
12.02 Money at call and on short notice		
Money at call and on short notice normally ranges between 1-3 days. At the closing date of 31 December 2020, all Money at call and on short notice had been paid for, resulting in zero balance.		
13.00 Deposits and other accounts		
Bank Term deposits	50,00,00,000	3,82,00,00,000
Customer deposits	12,99,93,64,530	9,41,38,47,419
Other deposits (note: 13.02)	1,15,49,592	1,17,02,321
	13,51,09,14,122	13,24,55,49,740
13.01 Remaining Maturity Grouping of Deposits and Other Accounts		
Payable on demand	92,46,495	92,46,495
Within 1(one) month	2,90,77,246	2,90,77,246
Over 1(one) month to 6(six) months	5,20,24,96,285	5,20,24,96,285
Over 6(six) months to 1(one) year	2,60,87,96,282	2,60,87,96,282
Over 1(one) year to 5(five) years	2,06,76,94,960	2,06,76,94,960
Over 5(five) years to 10(ten) years	3,59,36,02,854	3,32,82,38,472
More than 10(ten) years	-	-
	13,51,09,14,122	13,24,55,49,740
13.02 Other Deposits		
Home mortgage loan deposit	7,30,354	7,30,354
Margin deposit	20,76,260	21,59,760
Refundable share money deposit	62,10,394	62,10,394
Lease deposit	25,32,584	26,01,813
	1,15,49,592	1,17,02,321
14.00 Other liabilities		
Provision for loans, advances, investments and others (note: 14.01 to 14.04)	30,61,28,498	27,27,77,135
Interest suspense (note: 14.05)	22,55,78,590	18,78,57,462
Provision for gratuity (note: 14.06)	-	-
Withholding tax payable	11,09,180	9,90,829
VAT & Excise duty payable	6,75,089	7,29,603
Provision for current tax (note: 14.07)	25,68,82,433	40,83,16,477
Provision for deferred tax (note: 14.09)	1,60,70,191	1,35,08,087
Interest payable (note: 14.11)	46,74,40,698	55,68,29,074
Accrued expenses (note: 14.10)	2,87,500	2,87,500
Unclaimed dividend (note: 14.12)	1,71,05,570	1,55,27,319
Lease liabilities (note: 14.13)	43,86,049	-
Accounts Payable	1,05,49,669	53,33,355
Sundry deposit	1,92,19,564	1,03,88,089
Sundry liabilities	-	-
	1,32,54,33,030	1,47,25,44,931

	2020 Taka	2019 Taka
14.01 Specific Provision on Loans, Advances		
Balance as at 1st January	8,70,76,146	8,45,21,396
Less: Fully provided debt written off	(1,36,61,666)	-
Provision after written off	7,34,14,479	8,45,21,396
Add: Provision made during the year	4,69,36,894	1,26,73,571
Less: Provision recovered	(76,38,731)	(5,05,27,334)
Net charge in the profit & loss account	3,92,98,163	(3,78,53,763)
Add: Recoveries of amounts previously written off	-	4,04,08,513
Less: Written off of provision no longer required	-	-
Provisions held at 31 December	11,27,12,642	8,70,76,146
14.02 General Provision on Loans, Advances and Leases		
Balance as at 1st January	12,46,24,763	11,07,65,355
Add: Provision made during the year	4,06,00,570	1,43,65,160
Less: Provision recovered	(1,01,90,868)	(5,05,752)
Net charge in the profit & loss account	3,04,09,702	1,38,59,408
Balance as at 31 December	15,50,34,465	12,46,24,763
14.03 Provision on investments in share		
Balance as at 1st January	4,64,77,231	2,23,45,618
Add: Provision made during the year	-	2,41,31,612
Less: Provision recovered	(2,44,22,500)	-
Net charge in the profit & loss account	(2,44,22,500)	2,41,31,612
Balance as at 31 December	2,20,54,731	4,64,77,231
14.04 Provision on others		
Balance as at 1st January	1,45,98,995	1,20,71,405
Add: Provision made during the year	17,91,982	27,54,240
Less: Provision recovered	(64,317)	(2,26,650)
Net charge in the profit & loss account	17,27,665	25,27,590
Less: Fully provided debt written off	1,63,26,660	1,45,98,995
Provisions held at 31 December	1,63,26,660	1,45,98,995
14.05 Interest Suspense Account		
Balance as at 1st January	18,78,57,462	13,20,18,149
Add: Interest suspense charged during the year	74,11,41,700	36,07,54,916
Less: Interest suspense realized during the year	(70,03,62,598)	(30,49,15,603)
Net charge in the profit & loss account	4,07,79,102	5,58,39,313
Less: Interest written off	22,86,36,564	18,78,57,462
Balance as at 31 December	(30,57,974)	-
Write-off of Loans/Leases	22,55,78,590	18,78,57,462

As per FID Circular no. 03 dated 15th March 2007 of Bangladesh Bank a financial institution should write-off its loans/leases to clean-up its financial statements subject to fulfillment of the criteria. As per Bangladesh Bank guidelines, National Housing Finance and Investments Limited has written-off its loans/leases as under:

(Figures in Taka)

Balance at 1st January	29,94,17,144	33,98,25,657
Net loans/leases written-off during the year	(1,67,19,641)	-
No. of agreements written-off	24	19
No. of clients written-off	19	16
Interest suspense against written-off loans/leases	(30,57,974)	-
Provision adjusted against written-off loans/leases	(1,36,61,666)	-
Recovery of loans/leases write-off loans/leases	-	4,04,08,513
Balance of loans/leases written-off at 31 December 2020	28,26,97,503	29,94,17,144

	2020 Taka	2019 Taka
14.06 Provision for Gratuity		
Balance as at 1st January	-	-
Add: Provision made during the year	29,68,848	54,09,980
Less: Payment made during the year	29,68,848	(54,09,980)
Less: Provision written back during the year	-	-
Balance as at 31 December	-	-
14.07 Provision for Current Tax		
Balance as on 1st January	40,83,16,477	42,03,37,010
Add: Provision made during the year (note-14.07.01)	15,21,39,166	15,41,56,617
Less: Short/(Excess) provision for the year 2019, 2018 & 2017	72,64,683	(35,20,117)
Less: Adjustment of advance tax	(31,08,37,894)	(16,26,57,033)
Balance as at 31 December	25,68,82,433	40,83,16,477
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)	15,94,03,849	15,06,36,500
Add/ (less): Deferred tax	25,62,103	31,78,821
	16,19,65,953	15,38,15,321
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)	16,19,65,953	15,38,15,321
Accounting profit before tax (B)	48,33,59,330	39,06,22,848
Average effective tax rate (A÷B)	33.51%	39.38%
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	-1.88%	-1.88%
Adjustment/provision released during the year	3.14%	0.26%
Recovery from business write-off	0.00%	3.80%
Capital gain from sale of Govt. Securities	-6.52%	0.00%
Other components of tax as per ITO 1984	0.67%	0.51%
Difference between accounting and tax depreciation.	0.59%	-0.81%
Effective tax rate	33.51%	39.38%
14.09 Deferred tax liability		
Balance as at 1st January	1,35,08,087	1,03,29,266
Deferred tax income/(Expenses)	25,62,103	31,78,821
	1,60,70,191	1,35,08,087
14.09.01 Calculation of deferred tax		
Carrying amount of Fixed Assets (excluding land)	25,44,40,509	24,83,67,893
Tax base value of Fixed Assets	21,15,86,668	21,23,46,327
Taxable temporary difference	4,28,53,842	3,60,21,566
Applicable tax rate	37.50%	37.50%
Deferred tax assets on fixed assets	1,60,70,191	1,35,08,087

		2020 Taka	2019 Taka	
14.10	Accrued Expenses			
	Promotion and publicity	-	-	
	Audit fees	2,87,500	2,87,500	
	Sundry creditors	-	-	
		2,87,500	2,87,500	
14.11	Interest payable			
	Opening balance	55,68,29,074	48,07,09,541	
	Add: Interest charge during the year	1,22,93,88,812	1,60,47,64,186	
	Less : Interest paid during the year	1,31,87,39,398	1,52,86,44,654	
		46,74,78,487	55,68,29,074	
14.12	Unclaim dividend			
	Opening balance	1,55,27,319	1,42,90,267	
	Add: Dividend declared	11,70,31,200	21,27,84,000	
	Less : Adjustment for the year	11,54,52,949	21,15,46,948	
		1,71,05,570	1,55,27,319	
14.13	Lease Liability			
	Opening balance	-	-	
	Add: Lease liability during the year	43,86,049	-	
		43,86,049	-	
	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	2,00,00,00,000	2,00,00,00,000	
15.02	Issued, Subscribed and fully Paid-up Capital:			
	117,031,200 ordinary shares of Tk.10 each	1,17,03,12,000	1,17,03,12,000	
	% of holding:	% of holding	% of holding	
	Sponsors	70.13%	70.13%	
	General public	29.87%	29.87%	
		100.00%	100.00%	
	Number of holding:			
	Sponsors	8,20,68,521	8,20,68,521	
	General public	3,49,62,679	3,49,62,679	
		11,70,31,200	11,70,31,200	
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	1875	1,79,529	0.15%
	501 to 5,000	1407	26,16,319	2.24%
	5,001 to 10,000	252	18,56,752	1.59%
	10,001 to 20,000	172	24,65,035	2.11%
	20,001 to 30,000	48	12,31,951	1.05%
	30,001 to 40,000	21	7,84,628	0.67%
	40,001 to 50,000	26	12,46,118	1.06%
	50,001 to 100,000	52	39,76,816	3.40%
	100,001 to 1,000,000	58	1,39,14,479	11.89%
	Above 1,000,000	23	8,87,59,573	75.84%
	Total:	3934	11,70,31,200	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:

	2020 Taka	2019 Taka
Core capital (paid-up capital, retained earnings & statutory reserve etc.)	2,09,64,91,904	1,89,21,29,727
Less: Required minimum capital	(1,00,00,00,000)	(1,00,00,00,000)
Surplus over minimum required capital	1,09,64,91,904	89,21,29,727
Core capital (paid-up capital, retained earnings & statutory reserve etc.)	2,09,64,91,904	1,89,21,29,727
15.50 Add: Provision on good loan/leases	15,50,34,465	12,46,24,763
Total capital	2,25,15,26,369	2,01,67,54,490
Less: Required minimum capital	(1,00,00,00,000)	(1,00,00,00,000)
	1,25,15,26,369	1,01,67,54,490
15.05 Capital Adequacy Ratio-As per BASEL-II		
1. Tier-1 (Core Capital)		
1.1 Fully Paid-up Capital/Capital Deposited with BB	1,17,03,12,000	1,17,03,12,000
1.2 Statutory Reserve	57,81,79,399	51,39,00,723
1.3 Non-repayable share premium account	-	-
1.4 General Reserve	-	-
1.5 Retained Earnings	34,80,00,505	20,79,17,003
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)	2,09,64,91,904	1,89,21,29,727
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)	2,09,64,91,904	1,89,21,29,727
2. Tier-2 (Supplementary Capital)		
2.1 General Provision (Unclassified loans up to specified limit + SMA + off Balance Sheet exposure)	13,04,74,143	13,03,34,348
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)	13,04,74,143	13,03,34,348
2.8 Applicable Deductions if any	-	-
2.9 Total Eligible Tire-2 Capital (2.7-2.8)	13,04,74,143	13,03,34,348
Total Capital	2,22,69,66,047	2,02,24,64,075
Total risk weighted assets	11,68,28,68,552	11,60,68,16,178
Required minimum capital 10% of RWA or Tk. 100.00 crore, which is higher.	1,16,82,86,855	1,16,06,81,618
Surplus	1,05,86,79,191	86,17,82,457
Capital Adequacy Ratio	19.06%	17.45%

	2020 Taka	2019 Taka
16.00 Statutory reserve		
Balance as at 1st January	51,39,00,723	46,65,39,218
Reserve made during the year (note-16.01)	6,42,78,675	4,73,61,505
Balance as at 31 December	57,81,79,399	51,39,00,723
16.01 Reserve made during the year *		
Net Profit/(loss) after taxation	32,13,93,377	23,68,07,527
Applicable Rate	20%	20%
	6,42,78,675	4,73,61,505

*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. Accordingly, 20% of current year's profit after tax has been transferred to Statutory Reserves Account. Statutory reserve has been created at the rate of 20.00% of the net profit as per Bangladesh Bank's guidelines.

17.00 Retained earnings		
Balance as at 1st January	20,79,17,003	23,12,54,982
Add: Net profit after tax for the year	32,13,93,377	23,68,07,527
	52,93,10,381	46,80,62,509
Less: Allocations:		
Transferred to statutory reserve	(6,42,78,675)	(4,73,61,505)
Issue of Bonus Share	-	(10,63,92,000)
Dividend	(11,70,31,200)	(10,63,92,000)
	(18,13,09,875)	(26,01,45,505)
Balance as at 31 December	34,80,00,505	20,79,17,003

	2020 Taka	2019 Taka
18.00 Income statement		
Income:		
Interest, discount and other similar income (note: 19.00)	1,91,00,25,179	2,05,18,42,879
Dividend income (note: 21.00)	70,37,290	34,05,417
Fees, commission & brokerage (note: 22.00)	2,000	6,500
Gains less losses arising from investment in securities (note: 21.01)	11,60,330	9,92,417
Other operating income (note: 23.00)	1,10,56,298	1,87,43,844
	1,92,92,81,096	2,07,49,91,057
Expenses:		
Interest on borrowing, fees and commission (note: 20.00)	1,34,31,76,227	1,48,60,20,924
Losses on loan, advances and leases (note: 31.00)	6,97,07,865	(2,39,94,355)
Administrative expenses	16,80,70,732	16,43,68,570
Other operating expenses (note: 30.00)	1,16,55,970	1,55,06,433
Depreciation on banking assets (note: 29.00)	1,94,07,079	1,58,07,434
	1,61,20,17,873	1,65,77,09,007
	31,72,63,223	41,72,82,050
19.00 Interest income		
Interest on mortgage loan:		
Home mortgage loan	1,42,73,63,050	1,29,85,64,281
Commercial mortgage loan	15,76,73,045	14,84,40,155
Project mortgage loan	3,61,57,091	4,33,82,258
	1,62,11,93,186	1,49,03,86,694
Interest on lease finance:		
Industrial equipment	18,27,943	20,69,538
Vehicles	4,26,879	5,44,568
Delinquent interest	37,06,362	42,27,586
Interest on term finance	6,36,00,257	9,45,04,830
	6,95,61,441	10,13,46,522
Interest on fixed deposits	17,29,63,639	41,32,94,498
Interest on short term deposit	4,15,01,465	4,05,12,758
Interest on loan against FDR	26,49,267	41,39,217
Interest on staff loan	21,56,181	21,63,189
	1,91,00,25,179	2,05,18,42,879
20.00 Interest paid on deposits, borrowings etc.		
Interest paid on deposits, borrowings (Note-20.01)	1,34,31,76,227	1,48,60,20,924
Interest Expenses-Lease Liability (Note-20.02)	4,80,271	-
	1,34,36,56,498	1,48,60,20,924
20.01 Interest paid on deposits, borrowings		
Call money interest	78,36,736	1,27,17,403
Secured overdraft interest	3,29,53,447	1,10,88,737
Term deposit interest	18,33,78,028	46,23,97,704
Term loan interest	10,01,26,292	7,33,48,758
Customer Deposit Int. - Kotipoti Scheme	4,51,836	3,34,261
Customer Deposit Int. - Education Pension Scheme	21,084	6,029
Customer Deposit Int. - Housing Deposit Scheme	87,435	53,115
Customer Deposit Int. - Mohila Savings Scheme	2,40,015	1,12,691
Customer Deposit Int. - Money Multiplier Scheme	59,56,712	23,35,525
Customer deposit interest - Term Deposit	87,99,07,907	83,80,05,557
Customer deposit interest - Income Account	1,85,61,210	2,21,83,688
Customer deposit interest - Double Money Account	2,50,64,933	2,49,65,069
Customer deposit interest - Triple Money Account	58,10,976	65,90,405
Customer deposit interest-MSS	30,35,091	32,50,920
Customer deposit interest-MLNR	81,52,675	63,74,787
Interest expenses on treasury bond	4,24,54,722	-
Interest expenses on Repo	1,56,58,640	-
HML refinance interest	81,17,896	1,00,94,523
SME loan interest	53,60,593	1,21,61,753
	1,34,31,76,227	1,48,60,20,924

	2020 Taka	2019 Taka
20.02 Interest Expenses-Lease Liability	4,80,271	-
21.00 Investment Income		
Dividend Income (note- 21.01)	70,37,290	34,05,417
Interest income from treasury bond (note-21.02)	7,00,52,820	-
Capital gain on sale of Govt. Treasury Bond	8,40,19,832	-
Gains /losses from sale of shares (note-21.03)	11,60,330	9,92,417
	16,22,70,271	43,97,834
21.01 Dividend Income*		
Dividend on ordinary shares	54,74,304	18,42,917
Dividend on preference shares	15,62,986	15,62,500
	70,37,290	34,05,417
21.02 Interest income from treasury bond		
Interest income from treasury bond	7,00,52,820	-
	7,00,52,820	-
21.03 Gains /losses from sale of shares*		
Gain on sale of shares	22,75,457	37,07,130
Loss on sale of shares	(11,15,128)	(27,14,713)
	11,60,330	9,92,417
*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		
22.00 Commission, exchange and brokerage		
Fees	2,000	6,500
	2,000	6,500
23.00 Other operating income		
Application, processing and documentation fees	1,07,57,885	1,87,39,229
Delinquent charge-MSS, MLNR etc.	8,810	4,615
Interest on call Money lending	-	-
Other income	2,89,603	-
	1,10,56,298	1,87,43,844
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.	8,44,800	11,24,800
	8,44,800	11,24,800
24.02 Salaries and allowances		
Salary & allowances (note: 24.02.01)	10,71,29,579	10,46,21,737
Provident fund contribution	53,94,991	50,68,636
Gratuity	29,68,848	54,09,980
Bonus	99,80,851	1,25,84,930
	12,54,74,269	12,76,85,283
24.02.01 Salary & allowances		
This includes managerial remuneration of Taka 83.45 million and balance amount Taka 42.02 million is on account of staff salary, bonus and other allowances. The number of employees including contract based employees were 182 and 196 for the year 2020 & 2019 respectively.		
24.03 Rent, taxes, insurance, electricity etc.		
Office maintenance	23,72,309	23,82,122
Office rent	35,67,556	32,04,665
Security Guard	8,40,514	10,04,107
City corporation Taxes	1,33,807	8,25,006
Electricity	25,89,915	26,50,562
Utilities	2,75,498	2,53,218
Insurance (note: 24.03.01)	13,30,645	13,49,973
	1,11,10,244	1,16,69,653

	2020 Taka	2019 Taka
24.03.01 Insurance		
Taka 779,738 being premium paid for insurance coverage against damages/loss of the Company's fixed assets by fire, earthquake etc.		
24.04 Legal expenses		
Legal and professional	2,59,125	14,20,720
Legal charges	-	-
CSR activities	8,26,950	5,00,000
Membership fees and subscription	15,21,874	20,66,920
	26,07,949	39,87,640
25.00 Postage, stamps, telecommunication etc.		
Courier	90,821	1,45,833
Postage	6,123	57,360
Stamps & security paper	-	75,758
Telephone, fax & e-mail	24,68,001	16,95,115
	25,94,945	19,74,066
26.00 Stationary, printing, advertisement etc.		
Printing	11,18,823	13,57,228
Stationery	10,05,352	22,25,397
Business Commission	27,47,451	32,50,318
Promotion & publicity	1,30,79,399	32,06,685
	1,79,51,025	1,00,39,628
27.00 Managing Director's salary and fees		
Salary & allowances	62,40,000	56,40,000
Provident fund contribution	3,60,000	3,60,000
Bonus	6,00,000	16,00,000
	72,00,000	76,00,000
	2,87,500	2,87,500
28.00 Auditors' fees		
29.00 Depreciation on and repairs to assets		
Depreciation:	37,60,463	40,45,596
Newly acquired Building	29,85,678	29,85,678
Furniture	27,60,516	24,39,893
Office equipment	44,80,233	45,52,641
Intangible Assets	14,70,000	-
Right-of-Use Asset for Lease Rent	25,49,137	-
Motor vehicle	11,17,033	13,96,292
	1,91,23,060	1,54,20,100
Repair and maintenance	2,84,019	3,87,334
	1,94,07,079	1,58,07,434
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	1,93,656	2,98,716
Conveyance bill	22,94,930	26,97,998
Training	55,986	2,98,724
Bank charges and excise duty	17,73,216	32,85,344
Books, periodicals and others	-	-
Office refreshments	16,74,064	27,93,435
Motor car	43,95,269	48,51,312
Office general expenses	7,84,904	8,33,168
AGM Expenses	1,18,797	2,17,364
Trade License Fees	2,08,259	1,16,440
Computer Software Expenses	1,36,500	28,186
Investment expenses share	20,390	85,746
	1,16,55,970	1,55,06,433

annual report

	2020 Taka	2019 Taka
31.00 Provisions for loan and advances		
For classified loans, advances and leases	3,92,98,163	(3,78,53,763)
For unclassified loans, advances and leases	3,04,09,702	1,38,59,408
	6,97,07,865	(2,39,94,355)
31.01 Provision for investments		
Made during the year	-	2,41,31,612
Recovery during the year	(2,44,22,500)	-
	(2,44,22,500)	2,41,31,612
31.02 Others		
Provisions for legal charges	17,91,982	25,60,014
Provisions for other charges	1,01,91,109	-
Provisions for cheque dishonored & clearing charges	(64,317)	(32,424)
	1,19,18,774	25,27,590
32.00 Earnings per share		
a) Earnings attributable to the ordinary shareholders(Taka)	32,13,93,377	23,68,07,527
b) Number of ordinary shares outstanding during the year	11,70,31,200	11,70,31,200
c) Weighted average number of ordinary shares outstanding during the year	11,70,31,200	11,70,31,200
d) Basic earnings per share a/c) (restated)	2.75	2.02
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 2020 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	1,91,00,25,179	2,05,18,42,879
(Increase)/decrease in interest receivable on loans, advances and leases	-	-
(Increase)/decrease in other receivable	8,37,69,653	4,99,04,612
	1,99,37,94,832	2,10,17,47,491
34.00 Interest payments		
Total interest expenses (note: 20.00)	1,34,31,76,227	1,48,60,20,924
Add: Opening balance of interest payable	55,68,29,074	48,07,09,542
Less: Closing balance of interest payable	(46,74,40,698)	(55,68,29,074)
	1,43,25,64,604	1,40,99,01,392
35.00 Fees and commissions receipts in cash		
Fees, commission and brokerage (note: 22.00)	2,000	6,500
Add: Opening balance of fees, commission and brokerage	-	-
Less: Closing balance of fees, commission and brokerage	-	-
	2,000	6,500
36.00 Cash payments to employees		
Staff salaries and allowances (note: 24.02)	12,54,74,269	12,76,85,283
Managing Director's salaries and allowances (note: 27.00)	72,00,000	76,00,000
Add: Opening balance of staff dues	53,33,355	51,52,179
Less: Closing balance of staff dues	(1,05,49,669)	(53,33,355)
	12,74,57,955	13,51,04,107

annual report

	2020 Taka	2019 Taka
37.00 Cash payments to suppliers		
Printing, stationary and advertisement etc. (note: 26.00)	1,79,51,025	1,00,39,628
Postage, stamps, telecommunication etc. (note: 25.00)	25,94,945	19,74,066
Repair & maintenance (note: 29.00)	2,84,019	3,87,334
Add: Opening balance of suppliers dues	-	-
Less: Closing balance of suppliers dues	-	-
	2,08,29,989	1,24,01,028
38.00 Receipts from other operating activities		
Other operating income (note: 23.00)	1,10,56,298	1,87,43,844
Profit on sale of share (note: 21.01)	22,75,457	37,07,130
Loss on sale of share (note: 21.01)	(11,15,128)	(27,14,713)
	1,22,16,628	1,97,36,261
39.00 Payments for other operating activities		
Directors' fees	8,44,800	11,24,800
Legal expenses	26,07,949	39,87,640
Auditor's fees	2,87,500	2,87,500
Office occupancy cost	67,80,379	65,90,894
City Corporation Taxes	1,33,807	8,25,006
Electricity	25,89,915	26,50,562
Utilities	2,75,498	2,53,218
Insurance	13,30,645	13,49,973
Other expenses (note: 30.00)	1,16,55,970	1,55,06,433
Add: Opening balance of outstanding payable	2,87,500	2,87,500
Less: Closing balance of outstanding payable	(2,87,500)	(2,87,500)
	2,65,06,463	3,25,76,026
40.00 Increase/(Decrease) of other deposits		
Closing balance:		
Term deposits	13,49,93,64,530	13,23,38,47,419
Other deposits	1,15,49,592	1,17,02,321
	13,51,09,14,122	13,24,55,49,740
Opening balance:		
Term deposits	13,23,38,47,419	16,13,68,81,144
Other deposits	1,17,02,321	1,21,17,263
	13,24,55,49,740	16,14,89,98,406
	26,53,64,382	(2,90,34,48,667)
41.00 Sanction and disbursement		
Sanction	1,86,40,61,557	3,93,82,51,913
Disbursement	1,41,04,00,606	2,62,70,06,436
Undisbursed	45,36,60,951	1,31,12,45,477
41.01 Contingent liabilities		
Government	-	-
Directors	-	-
Bank and other Financial Institution	-	-
Other	45,36,60,951	1,31,12,45,477
42.00 Net Asset Value (NAV) per Share		
Net Asset (Total assets less total liabilities) (A)	2,09,64,91,904	1,89,21,29,727
Total number of ordinary shares outstanding (B)	11,70,31,200	11,70,31,200
Net Asset Value (NAV) per share (A ÷ B)	17.91	16.17

	2020 Taka	2019 Taka
42.01 Net Operating Cash Flow Per Share (NOCFPS)		
Net cash flow from operating activities (A)	59,20,06,020	(3,51,59,78,097)
Total number of ordinary shares outstanding (B)	11,70,31,200	11,70,31,200
Net operating cash flow from operating activities per share (A ÷ B)	5.06	(30.04)

*Improvement of cash inflow from operating activities for the year ended 2020 was due to cash inflow from Loans and deposits from banks and other customers. Cash inflow from Loans and deposits from banks and other customers increased for the year ended 2020 compare to the year ended 2019. As a result, net operating cash flow per share (NOCFPS) at the year ended of 30 December, 2020 Improved compare to year ended 2019.

43.00 Audit committee of the board

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

SL No	Name	Status with the Company	Status with the Committee	Educational Qualification
01	Abdul-Muyeed Chowdhury	Independent Director	Chairman	B.A (Hons), M.A.(DU)
02	Mr. Md. Kabir Reza	Director	Member	M.Com (Acc.), FCMA
03	Mr. Azmal Hossain	Director	Member	B.Com
04	Mr. Akhtar Ahmed	Director	Member	B.A (Hons), M.A.(DU), ACII (UK)

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

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

Meetings held by the committee during the year by date:	Meeting no	Held no
	45th	21-Jul-20
	46th	25-Oct-20

Two meetings of the audit committee were held during the year 2020 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, 2020 are furnished below:

SL #	Details	2020	2019
01	Paid-up Capital	1,17,03,12,000	1,17,03,12,000
02	Total Capital	2,09,64,91,904	1,89,21,29,727
03	Capital surplus/(deficit)	1,09,64,91,904	89,21,29,727
04	Total assets	17,78,25,69,894	18,23,97,01,310
05	Total deposits	13,51,09,14,122	13,24,55,49,740
06	Total loans, advances, leases & Others	13,62,83,61,018	13,61,81,35,739
07	Total contingent liabilities and commitments	45,36,60,951	1,31,12,45,477
08	Credit deposit ratio	100.87%	102.81%
09	Loan to Fund ratio	82.81%	81.22%
10	% of Classified loans against total loans and advances	5.33%	5.16%
11	Profit after tax and provisions	32,13,93,377	23,68,07,527
12	Amount of classified loans during the year	72,57,71,058	70,32,60,565
13	Provisions kept against classified loans	9,48,72,297	6,92,35,799
14	Provisions surplus/(deficit)	3,49,99,999	1,61,586
15	Cost of fund	9.51%	10.34%
16	Interest earnings assets	17,21,33,28,285	17,40,98,10,763
17	Non-interest earnings assets	56,92,41,609	82,98,90,547
18	Return on investments (ROI)	7.06%	6.95%
19	Return on assets (ROA)	1.78%	1.21%
20	Income from investments	16,22,70,271	43,97,834
21	Weighted average earnings per share (restated)	2.75	2.02
22	Price earning ratio	14.78	15.79
23	Return on equity (ROE)	16.12%	12.96%
24	Net asset value per share (NAV) (re-stated)	17.91	16.17

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 and Rajshahi in the year 2020.

46.00 Capital expenditure commitment

There was neither any outstanding contract nor any Board authorization for capital expenditure as at December 31, 2020.

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 225th Meeting held on 24 March 2021 has recommended cash dividend @15.00% i.e Taka 1.50 for every ordinary share held for the year ended 31 December, 2020 for placement before the shareholders for approval the 22nd Annual General Meeting.

48.00 Claims against the company not acknowledge as debt

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

49.00 Credit facility availed

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

50.00 Closing price of share

The Company traded its ordinary shares in CDBL through DSE & CSE from 1st January 2009. The closing market price on the closing of the year was Tk. 40.20 and Tk. 41.00 respectively in the DSE & CSE.

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

"Ministry of Finance (MoF) and Bangladesh Bank (BB) have reviewed the law and proposed to the Ministry of Labor to exclude Banks and Non-Banking Financial Institutions from the requirements of the law regarding the provision of Worker's Profit Participation Fund and accordingly Ministry of Finance issued a letter on 14 February 2017 to the Ministry of Labor to waive Banks and Non-Banking Financial Institutions from the purview of the requirement(s) of the Bangladesh Labor Act 2013.

However, NHFIL maintain adequate retained earnings to keep required provision for Worker's Profit Participation Fund subject to the final clearance from the Ministry of Labor since the matter stands still unresolved."

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

53.00 Related party disclosure :

Name of Director	Position in NHFIL	Name of the firms/companies in which interest as proprietor, partner, director, managing agent, guarantor, employee etc.
Mr. Mahbubur Rahman Representing Eastland Insurance Co. Limited	Chairman	ETBL Holdings Limited Eastern Trading (Bangladesh) Limited ETBL Development Construction Limited ETBL Securities & Exchanges Limited Progressive Investments Limited (successors to the National Rubber Industries) Century Cold Storage Limited Eastland Insurance Co. Limited International Publications Limited
Mr. Syed M. Altaf Hussain Representing Pragati Insurance Limited	Vice Chairman	Pragati Insurance Limited WW Grains Corp. representing Cargill Inc. USA Sonic Allied Industries Limited WW Properties Limited The Daily Janata Jamuna Resort Limited
Mr. Morshed Alam MP Representing National Life Insurance Co. Limited	Director	National Life Insurance Company Limited Bengal Plastics Limited Bengal Poly and Paper Sack Limited Bengal Windsor Thermoplastics Limited Bengal Media Corporation Limited Bengal Adhesive and Chemicals Products Limited Bengal Flexipak Limited Bengal Polymer Wares Limited Bengal Plastic Pipes Limited Romania Food and Beverage Limited Power Utility Bangladesh Limited Bengal Concept & Holding Limited Bengal Overseas Corporation Limited Hamilton Metal Corporation Limited Bengal Feed & Fisheries Limited Bengal Renewable Energy Limited Bengal Cement Limited Bengal Retails Limited Bengal Hotels and Resorts Limited Bengal Agro Industries Limited Mengal Melamine Limited Bengal LPG Limited Hamilton Mold and Engineering Limited Linnex Technologies Limited Designer Jeans Limited Designer Fashion Limited Bengal Structure Development Limited BSDI-FIDL (JV) Mercantile Bank Limited
Mr. Akhtar Ahmed Representing Reliance Insurance Limited	Director	Reliance Insurance Limited
Mr. Muminul Haque Chowdhury Representing Borak Travels (Pvt.) Limited	Director	Borak Travels (Pvt.) Limited
Mr. Azmal Hossain Representing Eastern Insurance Co. Limited	Director	Eastern Insurance Co. Limited Hashem Paper Mills Limited
Mr. Md. Kabir Reza FCMA Representing Square P pharmaceuticals Limited	Director	Square Pharmaceuticals Limited
Mr. Abdullah Al Mamun FCA Representing Bangladesh Lamps Limited	Director	Bangladesh Lamps Limited

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

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

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

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

53.05 Related party transactions

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

Name of related	Transaction	Balance at year end (receivable)/payable Taka
National Bank Limited (Sponsor Director)	STD/CD account	(59,81,437)
National Life Insurance Co. Limited (Sponsor Director)	Term deposit	9,00,00,000
Pragati Insurance Limited (Sponsor Director)	Term deposit	2,08,90,000
Square Pharmaceuticals Limited (Sponsor Director)	Term deposit	4,00,00,00,000
Reliance Insurance Co. Limited (Sponsor Director)	Term deposit	15,00,00,000
Bangladesh Lamp (Sponsor Director)	Term deposit	6,40,81,863


Md. Sarwar Kamal FCS
Company Secretary


Md. Khalilur Rahman
Managing Director


Md. Kabir Reza FCMA
Director


Mahbubur Rahman
Chairman

Fixed assets including premises, furniture and fixtures for 2020

Figures in Table

Particulars	Cost			Rate	Depreciation			Written down value as on 31.12.20	Written down value as on 31.12.19
	Balance as on 01.01.20	Disposed during the year	Addition during the year		Balance as on 01.01.20	Adjustments for disposal	Charged during the year		
Land & building	10,45,00,003	-	-	10.00%	2,97,49,842	-	9,53,925	7,39,05,326	7,47,59,251
Newly acquired Building	21,14,94,142	-	-	3.00%	1,84,20,276	-	57,92,216	18,72,81,650	19,30,73,866
Furniture	3,32,23,238	-	56,46,121	10.00%	1,32,66,203	-	27,60,516	1,60,26,719	2,49,44,640
Office equipment	3,51,39,706	-	41,90,597	20.00%	3,93,29,303	-	44,80,233	2,14,08,372	1,79,20,931
Intangible Assets	-	-	73,50,000	20.00%	73,50,000	-	14,70,000	44,70,000	59,80,000
Right-use of lease assets	-	-	80,08,959	-	80,08,959	-	25,49,137	25,49,137	54,59,821
Motor vehicle	1,23,68,765	-	-	20.00%	67,83,598	-	11,17,033	44,66,134	55,65,167
Total:	38,87,35,944	-	2,51,95,676		8,51,48,058	-	1,91,23,060	31,96,60,502	31,35,87,886

Occasions & Events

21st Annual General Meeting (Virtually) in Progress

Celebrates international Women's day



Disbursement of CMSME loan



Our Branch Network

Principal Branch

National Plaza (8th Floor),
109, Bir Uttam C. R. Datta Road
(Ex-Sonargaon Road), Dhaka-1205.
☎ : +88 02 9670612-4, +88 02 9677181-2,
+88 09609200555 (Ext. 231)
✉ : +88 02 9671016,
✉ : principal@nationalhousingbd.com

Gulshan Branch

Bashati Avenue (4th Floor),
Plot: 10, Road: 53,
Gulshan-2, Dhaka-1212.
☎ : +88 09609200555,
+88 09609200555 (Ext. 201)
✉ : gulshan@nationalhousingbd.com

Bogura Branch

Jamil Shopping Center (3rd Floor),
Borogola, Bogura-5800.
☎ : +88 051 62696, +88 051 63994,
+88 09609200555 (Ext. 600)
✉ : +88 051 62696 (Ext. 106)
✉ : bogura@nationalhousingbd.com

Gazipur Branch

M.A.S. Square (6th Floor),
Chandona Chowrasta, Gazipur.
☎ : +88 02 49263465-67
+88 09609200555 (Ext. 400)
✉ : gazipur@nationalhousingbd.com

Rajshahi Branch

House: 37 (2nd Floor),
Ghoramara, Boaliapara,
Rani Bazar, Boalia, Rajshahi.
☎ : +88 0721 771172-73
+88 09609200555 (Ext. 901)
✉ : rajshahi@nationalhousingbd.com

Motijheel Branch

Fazlur Rahman Center (2nd Floor),
72, Dilkusha C/A, Dhaka-1000.
☎ : +88 02 9567103, +88 02 9550071,
+88 09609200555 (Ext. 300)
✉ : +88 02 9565493,
✉ : motijheel@nationalhousingbd.com

Chattogram Branch

Aziz Court (11th Floor),
88-90, Agrabad C/A, Chattogram.
☎ : +88 031 713803,
+88 09609200555 (Ext. 500)
✉ : +88 031 713804
✉ : chittagong@nationalhousingbd.com

Rangpur Branch

Nirala Complex (3rd Floor),
House No. 18, Paira Chatter,
Rangpur Sadar, Rangpur.
☎ : +88 0521 56381-2,
+88 09609200555 (Ext. 701)
✉ : +88 0521 56382
✉ : rangpur@nationalhousingbd.com

Feni Branch

Kazi Plaza (3rd Floor),
107, S.S.K. Road, Feni Sadar, Feni.
☎ : +88 0331 74503-4,
+88 09609200555 (Ext. 800)
✉ : feni@nationalhousingbd.com

Signboard Sales Center

Samad Banu Tower (Ground Floor),
Signboard, Sidhirgonj, Narayanganj.
☎ : +88 01675512871

Mirpur Sales Center

Kamal Tower (1st Floor),
24/1, Pallabi, Mirpur-11+, Dhaka-1216.
☎ : +88 01721265258

Sales Center



National Housing Finance and Investments Limited

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

PROXY FORM

I/We
of
being member of National Housing Finance and Investments Limited, hereby appointed
of
as my/our proxy to attend and vote for me / us and on my/ our behalf at the 22nd Annual General Meeting of
the Company to be held on Tuesday, May 18, 2021 at 12.00 noon and of at any adjournment thereof. As witness
my hand this day of 20....

(Signature Shareholder)

(Signature of the proxy)

Register Folio no.
or
BO A/C No.
No. of Share Held

Revenue
Stamp
Tk. 20

Note:

A Shareholder entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and
vote on his/her behalf. The Proxy Form duly completed must be deposited through email at
share@nationalhousingbd.com of the company not later than 72 hours before the time fixed for the meeting.



National Housing Finance and Investments Limited

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

ATTENDANCE SLIP

Please fill-up the attendance slip and hand it over at the entrance of the hall.

I hereby record my attendance at the 22nd Annual General Meeting of the Company being held on Tuesday, May
18, 2021 at 12.00 noon on digital platform.

Name of Member/Proxy

Register Folio No.
or
BO/ A/C No.

Signature
Shareholder/Proxy