National Housing Finance and Investments Limited

Auditors' Report and Financial Statements

For the year ended 31 December 2017

UHY Syful Shamsul Alam & Co
Chartered Accountants

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Independent Auditors' Report
to the shareholders of
National Housing Finance and Investments Limited

We have audited the accompanying financial statements of National Housing Finance and Investments Limited ("the Company"), which comprises the Balance sheet as at 31 December 2017, and the Profit & Loss account, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements of the Company give a true and fair view of the financial position of the company as at 31 December 2017, and of its financial performance and cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRS) and comply with the Financial Institution Act, 1993, the rules and regulations issued by Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations..

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Other matter

The financial statements of the company as at and for the year ended 31 December 2016 were audited by Howlader Yunus & Co., Chartered Accountants who expressed an unmodified opinion on those statements on 04 April 2017.

Report on Other Legal and Regulatory Requirements

We also report that:

i) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof and found satisfactory;

ii) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;

iii) the balance sheet and profit and loss of the Company together with annexed notes from 1 to 54 dealt with by the report are in agreement with the books of account and returns;

iv) the expenditure incurred was for the purpose of the Company's business so far it appeared to our examination on a test basis;

v) the financial statements of the Company have been drawn up in conformity with the Financial Institution Act 1993 and in accordance with the accounting rules and regulations issued by the Bangladesh Bank to the extent applicable to the Company;

vi) the records and accounts of the branches have been properly maintained in the financial statements;

vii) provisions have been made for loans, leases & advances, interest suspense and other assets which are, in our opinion, doubtful of recovery and Bangladesh Bank's instructions in this regard have been followed properly;

viii) prevailing laws, rules, regulation and policies are complied with while sanctioning and disbursing loans/leases; so far as it appeared from the review related documents on test basis.

ix) statements sent to Bangladesh Bank has been checked on sample basis and to the best of our knowledge, no inaccuracy has come to our attention;

x) taxes and other duties collected and deposited to Government treasury by the company were found satisfactory as it appeared from our examination on test basis;

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 & liabilities;

xii) proper measures have been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank and the instructions issued by Bangladesh Bank & other regulatory authorities have been complied properly;

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xiii) the internal control and compliance of the company is satisfactory, and effective measures have been taken to prevent possible fraud, forgery and internal policies are being followed appropriately;

xiv) the Company has complied with relevant laws pertaining to capital, reserve & net worth, cash & liquid assets and procedure for sanctioning & disbursing loans/leases were found satisfactory;

xv) the financial statements of the Company conform to the prescribed formats and standards set in the accounting regulations issued by Bangladesh Bank after consultation with the professional accounting body of Bangladesh;

xvi) we have reviewed over 80% of the risk weighted assets of the Company during the course of our audit and we have spent over 1,040 person-hours for the audit of books and accounts of the Company; and

xvii) All other matters which are important for the stakeholders of the company have been adequately disclosed in the audit report.

Syful Shamsul Alam & Co.

Place: Dhaka
Dated: 18 March 2018

Syful Shamsul Alam & Co.
Chartered Accountants

AUTHORISED TRAINING EMPLOYER

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NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED

Balance Sheet

As at December 31, 2017

	Note	2017 Taka	2016 Taka
Property and Assets			
Cash:	4.00		
In hand (including foreign currencies)		77,938	3,599
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		212,814,180	164,826,047
		212,892,118	164,889,646
Balance with banks and other financial institutions:	5.00		
In Bangladesh		4,813,965,603	2,291,412,919
Outside Bangladesh		-	-
		4,813,965,603	2,291,412,919
Money at call and on short notice	6.00	-	-
Investments:	7.00		
Government		-	-
Others		132,094,351	82,280,995
		132,094,351	82,280,995
Loans and advances:	8.00		
Loans, cash credits, overdrafts etc.		10,245,332,407	8,959,772,086
Bills purchased and discounted		-	-
		10,245,332,407	8,959,772,086
Fixed assets including premises, furniture and fixtures	9.00	234,161,187	234,721,338
Other assets	10.00	524,751,124	517,312,672
Non-banking assets	11.00	-	-
Total Assets		16,163,196,789	12,250,389,655
Liabilities and capital			
Liabilities:			
Borrowing from other banks, financial institutions and agents	12.00	1,720,842,480	1,009,963,831
Deposits and other accounts:	13.00		
Current accounts and other accounts etc.		-	-
Bills payable		-	-
Savings bank deposits		3,930,000,000	2,070,000,000
Fixed deposits		7,724,983,097	6,389,160,226
Bearer certificate of deposits		-	
Other deposits		13,181,489	18,469,536
		11,668,164,585	8,477,629,762
Other liabilities	14.00	1,073,585,577	1,125,844,472
Total Liabilities		14,462,592,642	10,613,428,066
Capital/Shareholders' equity:			
Paid up capital	15.02	1,063,920,000	1,063,920,000
Statutory reserve	16.00	411,384,918	360,355,200
Retained earnings	17.00	225,299,229	212,686,390
Total Shareholders' equity		1,700,604,147	1,636,961,590
Total liabilities and Shareholders' equity		16,163,196,789	12,250,389,655

Dhaka

	Note	2017 Taka	2016 Taka
Off-Balance Sheet Items			
Contingent Liabilities:			
Acceptances and endorsements		-	-
Letters of guarantee		-	-
Irrevocable letters of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	22,256,919
		-	22,256,919
Other Commitments:			
Documentary credits and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Un-disbursed contracted loans and leases	41.00	1,472,681,927	625,122,527
Undrawn formal standby facilities, credit lines and other commitments		-	-
		1,472,681,927	625,122,527
Total Off-Balance Sheet Items including contingent liabilities		1,472,681,927	647,379,446

The accompanying notes form an integral part of these financial statements

Md. Khalilur Rahman Managing Director	Md.Kabir Reza Director	Syed Tanveer Hussain Independent Director	Latifur Rahman Chairman

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

Syful Shamsul Alam & Co.
Chartered Accountants

Place: Dhaka
Dated: 18 March 2018

NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED

Profit and Loss Account

For the year ended December 31, 2017

	Note	2017 Taka	2016 Taka
Interest Income	19.00	1,392,628,969	1,187,793,699
Interest paid on deposits, borrowings etc.	20.00	814,692,065	625,428,872
Net interest income		**577,936,904**	**562,364,826**
Investment Income	21.00	21,597,797	8,010,174
Commission, exchange and brokerage	22.00	76,480	214,900
Other operating income	23.00	26,907,391	32,706,368
		48,581,668	**40,931,442**
Total operating income		**626,518,572**	**603,296,269**
Salaries and allowances	24.02	86,450,159	73,479,652
Rent, taxes, insurance, electricity etc.	24.03	8,722,465	7,178,200
Legal expenses	24.04	2,345,068	3,172,440
Postage, stamps, telecommunication etc.	25.00	3,357,523	3,390,700
Stationery, printing, advertisement etc.	26.00	17,624,610	15,333,735
Managing Director's salary and fees	27.00	6,004,000	6,004,000
Directors' fees and expenses	24.01	1,950,400	2,171,200
Auditors' fees	28.00	287,500	287,500.00
Charges on loan losses		-	-
Depreciation and repairs to assets	29.00	10,901,047	10,532,662
Other expenses	30.00	14,491,220	10,633,980
Total operating expenses		**152,133,992**	**132,184,069**
Profit/ (Loss) before provisions		**474,384,580**	**471,112,200**
Provisions for			
Loans, advances and leases	31.00	37,846,681	55,102,806
Diminution in value of investments	31.01	8,159,961	(5,017,887)
Others	31.02	(138,737)	3,205,654
Total provisions		**45,867,905**	**53,290,573**
Total profit/(loss) before taxation		**428,516,675**	**417,821,627**
Provisions for taxation			
Current	14.08	(172,990,649)	(177,760,363)
Deffered	10.03(a)	(377,870)	3,709,522
		(173,368,518)	**(174,050,841)**
Net Profit/(loss) after taxation		**255,148,157**	**243,770,786**
Appropriations:			
Statutory reserve	16.00	51,029,631	48,754,157
General reserve		-	-
Dividend etc.		-	-
		51,029,631	**48,754,157**
Retained surplus		**204,118,526**	**195,016,629**
Earnings per share	32.00	2.40	2.29

The accompanying notes form an integral part of these financial statements

Md. Khalilur Rahman	**Md.Kabir Reza**	**Syed Tanveer Hussain**	**Latifur Rahman**
Managing Director	Director	Independent Director	Chairman

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

Syful Shamsul Alam & Co.

Syful Shamsul Alam & Co.
Chartered Accountants

Place: Dhaka
Dated: 18 March 2018

NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED

Statement of Changes in Equity

For the year ended December 31, 2017

Figures in Taka

Particulars	Paid-up Capital	Statutory Reserve	General Reserve	Retained Earnings	Total
Balance as at January 01, 2017	1,063,920,000	360,355,287	-	212,686,303	1,636,961,590
Changes in accounting policy	-	-		-	-
Restated balance	1,063,920,000	360,355,287		212,686,303	1,636,961,590
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	-	-	-	255,148,157	255,148,157
Dividends	-	-	-	(191,505,600)	(191,505,600)
Transfer to statutory reserve	-	51,029,631	-	(51,029,631)	-
Balance as at December 31, 2017	**1,063,920,000**	**411,384,918**	-	225,299,229	**1,700,604,147**

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

Md. Khalilur Rahman
Managing Director

Md.Kabir Reza
Director

Syed Tanveer Hussain
Independent Director

Latifur Rahman
Chairman

Shamsul Alam & Co. Chartered Accountants Dhaka SSAC

NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED

Cash Flow Statement

For the year ended December 31, 2017

	2017 Taka	2016 Taka
A. Cash flows from operating activities		
Interest receipts in cash	1,317,787,612	1,188,6[illegible]8,521
Interest payments	(762,648,456)	(576,262,019)
Dividend receipts	6,732,455	2,972,308
Fees and commissions receipts in cash	76,480	214,900
Recoveries on loans previously written off	-	70,000
Cash payments to employees	(89,631,913)	(79,225,907
Cash payments to suppliers	(21,192,764)	(19,039,[illegible]
Income taxes paid	(192,207,075)	(172,53[illegible]64)
Receipts from other operating activities	41,772,733	33,81[illegible],660
Payments for other operating activities	(23,875,525)	(23,3[illegible],520)
Cash generated from operating activities before changes in operating assets and liabilities	276,813,548	355,269,008
Increase/(decrease) in operating assets and liabilities:		
Statutory deposits	-	-
Purchase/sale of trading securities	-	-
Loans, advances and leases to the client	(1,322,596,893)	(1,653,98[illegible]59)
Other assets	(44,592,111)	(35,0[illegible]098)
Term deposits	3,195,822,870	2,933,0[illegible]860
Other deposits	(5,288,047)	(7,[illegible]26,765)
Trading liabilities	-	-
Other liabilities	10,956,361	33,372,436
	1,834,302,180	1,270,101,774
Net cash flow from operating activities	2,111,115,728	1,625,370,782
B. Cash flows from investing activities		
Proceeds from sale of securities	(49,813,356)	26[illegible]8
Payments for purchase of securities	-	-
Purchase /sale of property, plant & equipment	(10,130,265)	(216,4[illegible],719)
Purchase /sale of subsidiary	-	-
Net cash from investing activities	(59,943,621)	(216,204,141)
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	710,888,649	130,92[illegible]41
Dividend paid	(191,505,600)	(180,8[illegible]400)
Net cash from financing activities	519,383,049	(49,9[illegible],859)
D. Net increase/(decrease) in cash	2,570,555,156	1,359,2[illegible]8,782
E. Effects of exchange rate changes on cash and cash equivalent	-	-
F. Cash and cash equivalent at beginning of the year	2,456,302,565	1,097,073,783
G. Cash and cash equivalent at end of the year	5,026,857,721	2,456,302,565
Cash and cash equivalent at end of the year		
Cash in hand (including foreign currencies)	77,938	63,5[illegible]
Balance with Bangladesh Bank and its agent bank(s) (including foreign currency)	212,814,180	164,8[illegible],647
Balance with banks and other financial institutions	4,813,965,603	2,291,4[illegible],919
Money at call and on short notice	-	-
	5,026,857,721	2,456,302,565

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

Md. Khalilur Rahman Managing Director	Md.Kabir Reza Director	Syed Tanveer Hussain Independent Director	Latifur Rahman Chairman

DHUSAY Nasir Uddin Akon & Co. Dhaka SSAC Chartered Accountants

NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED

Liquidity Statement

(Maturity Analysis of Assets & Liabilities)

As at December 31, 2017

Figures in Taka

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Asset						
Cash in hand	77,938	-	-	-	-	77,938
Balance with Bangladesh Bank and its agents	212,814,180	-	-	-	-	212,814,180
Balance with other banks and FIs	124,904,929	411,109,300	4,277,951,374	-	-	4,813,965,603
Investments	102,094,351	0	10,000,000	20,000,000	-	132,094,351
Money at call and on short notice	-	-	-	-	-	-
Loans, advances and leases	1,918,388,347	60,343,173	993,373,558	1,591,883,573	5,681,343,755	10,245,332,407
Fixed assets including premises, furnitures and fixtures	-	-	-	-	234,161,187	234,161,187
Other assets	118,892,574	-	328,454,586	77,249,503	154,460	524,751,124
Non-financial institution assets	-	-	-	-	-	-
Total Asset	**2,477,172,319**	**471,452,473**	**5,609,779,519**	**1,689,133,076**	**5,915,659,402**	**16,163,196,789**
Liabilities						
Borrowing from banks, other financial institutions and agents	432,545,000	110,582,589	833,372,036	216,791,000	127,551,855.29	1,720,842,480
Deposits and other accounts	1,705,899,120	-	4,346,304,471	3,141,630,296	2,474,330,698.00	11,668,164,585
Provision & other liabilities	325,452,518	4,270,562	431,849,906	312,012,590	-	1,073,585,577
Total Liabilities	**2,463,896,638**	**114,853,151**	**5,611,526,413**	**3,670,433,886**	**2,601,882,553**	**14,462,592,642**
Net Liquidity Gap	**13,275,681**	**356,599,322**	**(1,746,895)**	**(1,981,300,810)**	**3,313,776,849**	**1,700,604,147**

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

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

Md. Khadlur Rahman	**Md.Kabir Reza**	**Syed Tanveer Hussain**	**Latifur Rahman**
Managing Director	Director	Independent Director	Chairman

DHU Syful Shamsul Alam & Co. Chartered Accountants Dhaka

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, Bangladesh Accounting Standard (BASs), Bangladesh Financial Reporting Standards (BFRSs), The Companies Act 1994, The Securities and Exchange Ordinance 1969, The Securities and Exchange Rules 1987 and other applicable laws and regulations in Bangladesh.

2.02 Basis of Accounting

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

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

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

2.03.01 Investment in shares and securities

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

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

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

2.03.02 Provision on loans and advances/investments

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

Bangladesh Bank: As per FID circular No. 08 dated 03 August 2002, FID circular No. 03, dated 03 May 2006 and DFIM circular No. 03, dated 29 April 2013 a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained. However such general provision satisfy the conditions of provision as per BAS 39. At the year end the Company has recognized an accumulated general provision of BDT 91,292,214 (out of accumulated provision of BDT 201,461,896) under liabilities.

2.03.03 Recognition of interest income in suspense

BFRS: Loans and advances to customers are generally classified as 'loans and receivables' as per BAS 39 and interest income is recognized through effective interest rate method over the term of the loan. Once a loan is impaired, interest income is recognized in profit and loss account on the same basis based on revised carrying amount.

Bangladesh Bank: As per DFIM circular no. 08 dated 23 September 2012, once a loan is classified, interest on such loans are not allowed to be recognized as income, rather the corresponding amount needs to be credited to an interest in suspense account, which is presented as liability in the balance sheet.

2.03.04 Other comprehensive income

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

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

2.03.05 Financial instruments – presentation and disclosure

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

Shamsul Alam & Co. Dhaka Chartered Accountants

2.03.06 **Write off**

Write-off describes a reduction in recognized value. It refers to recognition of the reduced or zero value of an asset. Generally it refers to an investment for which a return on the investment is now impossible or unlikely. The item's potential return is thus canceled and removed from ("written off") the Company's balance sheet.

Recovery against debts written off/provided for is credited to revenue. Income is recognized where amounts are either recovered and/or adjusted against securities/properties or advances there-against or are considered recoverable.

2.04 Date of Authorization

The Board of Directors has Authorized this financial statements for public issue on March 18, 2018.

2.05 Functional and Presentation Currency

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

2.06 Use of Estimates and Judgments

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

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

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

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

However, the estimates and underlying assumptions are reviewed on an ongoing basis and the revision is 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 Liquidity Analysis

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

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

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2.08 **Reporting Period**

These financial statements have been prepared for the period from January 01, 2017 to December 31, 2017.

2.09 **Cash Flow Statement**

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

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

2.09.01 **Cash and cash equivalent**

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

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

2.09.02 **Non-banking asset**

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

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

2.10 **Implementation of BASEL-II**

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

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

3.00 **Significant accounting policies**

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

3.01 **Authorized Capital**

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

3.02 **Paid up Capital**

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

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3.03 Statutory Reserve

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

3.04 Revenue Recognition

3.04.01 Interest Income

Mortgage Loans

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

Lease Finance

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

Term Finance

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

Fixed Deposits

Fixed deposits, if not enchased 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 Bangladesh Accounting Standard (BAS) 17 "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 during the year is charged for the whole year, while no depreciation is charged in the year of disposal. Asset category wise depreciation rates are as follows:

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

3.06 Employee Benefits

3.06.01 Provident Fund

The Company has introduced a Contributory Provident Fund for its eligible employees with effect from January 2002, obtaining necessary approval from the National Board of Revenue, GoB. Provident Fund is administered by a Board of Trustee of the Company. All confirmed employees are contributing 10.00% 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 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 confirm service in the company. Gratuity is calculated on the basis of last basic salary and is payable at the rate 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, 2017 and consistent with the past practice.

3.07.02 Deferred Tax

Deferred Tax has been accounted for as per Bangladesh Accounting Standard (BAS)-12: Income Taxes 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, 2017. 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.

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3.09 Dividend

Dividend on ordinary shares are recognized as a liability and deducted from retained earnings after d approval by the shareholders in the respective Annual General Meeting (AGM). Dividend recomm ed by the Board of Directors for approval of the shareholders for the year 2017 has been stated as post balance sheet events in note 48.00.

3.10 Related party disclosure

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

3.11 Regulatory & Legal Compliances

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

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

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

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

BAS/BFRS	Reference	Status of Compliance
Presentation of Financial Statements	BAS-01	Applied
Inventories	BAS-02	Not Applicable
Cash Flow Statements	BAS-07	Applied
Accounting Policies, Changes in Accounting Estimates & Errors	BAS-08	Applied
Events after the Reporting Period	BAS-10	Applied
Construction Contract	BAS-11	Not Applicable
Income Taxes	BAS-12	Applied
Property, Plant & Equipment	BAS-16	Applied
Leases	BAS-17	Applied
Revenue	BAS-18	Applied
Employee Benefits	BAS-19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	BAS-20	Not Applicable
The Effect of Changes in Foreign Exchange Rates	BAS-21	Not Applicable
Borrowing Costs	BAS-23	Applied
Related Party Disclosure	BAS-24	Applied
Accounting and Reporting by Retirement Benefit	BAS-26	Not Applicable
Consolidated and Separate Financial Statements	BAS-27	Not Applicable
Investments in Associates	BAS-28	Not Applicable
Financial Instruments: Presentation	BAS-32	Applicable

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Earnings Per Share	BAS-33	Applied
Interim Financial Reporting	BAS-34	Applied
Impairment of Assets	BAS-36	Applied
Provisions, Contingent Liabilities and Contingent Assets	BAS-37	Applied
Intangible Assets	BAS-38	Applied
Financial Instruments: Recognition and Measurement	BAS-39	Applicable
Investment Property	BAS-40	Not Applicable
Agriculture	BAS-41	Not Applicable
First Time adoption of IFRS	BFRS-1	Not Applicable
Share Based Payment	BFRS-2	Not Applicable
Business Combination	BFRS-3	Not Applicable
Insurance Contracts	BFRS-4	Not Applicable
Non-current Assets held for Sale and Discontinued Operations	BFRS-5	Not Applicable
Explanation for and Evaluation of Mineral Resources	BFRS-6	Not Applicable
Financial Instruments: Disclosures	BFRS-7	Applicable
Operating Segments	BFRS-8	Applied
Joint Arrangements	BFRS-11	Not Applicable
Disclosure of Interests in Other Entities Financial	BFRS-12	Not Applicable
Fair Value Measurement	BFRS-13	Applicable

		2017 Taka	2016 Taka
4.00	**Cash**		
	Cash in hand:		
	Local currency	77,938	63,599
	Foreign currencies	-	-
		77,938	**63,599**
	Balance with Bangladesh Bank and its agent Bank:		
	Local currency	212,814,180	164,826,047
	Foreign currencies	-	-
		212,814,180	**164,826,0**
		212,892,118	**164,89[illegible],646**

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

Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR) have been calculated and maintained in accordance with section 19 of the Financial Institutions Act 1993, rules 5 of the Financial Institutions Regulations 1994 and FID circular # 6 dated November 06, 2003.

The CRR on the Company's term deposits received from public @ 2.50% has been calculated and maintained with Bangladesh Bank in current account and 5.00% SLR, including CRR, on the total liabilities has been maintained in the form of balance with banks and other financial institutions. Both the reserves maintained by the Company are in excess of the statutory requirements. Details of CRR & SLR maintained by the company are shown in the note: 4.01.01 & 4.01.02.

4.01.01	**Cash Reserve Requirement (CRR)**		
	Required reserve	202,824,315	158,420,425
	Actual reserve held	212,814,180	164,826,047
	Surplus/(deficit)	**9,989,864**	**6,405,622**
4.01.02	**Statutory Liquidity Reserve (SLR)**		
	Required reserve	454,925,687	348,453,[illegible]
	Actual reserve held	3,780,100,485	2,260,9[illegible]55
	Surplus/(deficit)	**3,325,174,798**	**1,912,[illegible]06,138**
5.00	**Balance with banks and other financial institutions**		
5.01	**In Bangladesh**		
	On current accounts (note: 5.01.01)	14,287,657	9,250,01[illegible]
	On Short Term Deposit (STD) Accounts (note: 5.01.02)	110,617,272	212,162,90[illegible]
	On Fixed Deposit Account (note: 5.01.03)	4,689,060,674	2,070,000,00[illegible]
		4,813,965,603	**2,291,412,9[illegible]**
	Outside Bangladesh	-	
		4,813,965,603	**2,291[illegible]2,919**
5.01.01	**On Current Accounts**		
	AB Bank Limited	184,465	184,465
	Bank Asia Limited	9,205,541	42,266
	EXIM Bank Limited	184,149	782,97[illegible]
	National Bank Limited	3,557,098	1,588,22[illegible]
	One Bank Limited	521	[illegible]
	Woori Bank Limited	2,525	[illegible]25
	Trust Bank Limited	14,360	[illegible]5,510
	Mercantile Bank Limited	1,138,708	[illegible]27,526
	The City Bank Limited	289	979
		14,287,657	9,250,012

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		2017 Taka	2016 Taka
5.01.02	**On Short Term Deposit (STD) Accounts**		
	Islami Bank Bangladesh Limited	4,813,135	229,70
	AB Bank Limited	12,936	13,78
	Bank Asia Limited	7,148,018	26,953,0
	Mutual Trust Bank Limited	28,656	
	Eastern Bank Limited	4,745,135	4 ,9,302
	Exim Bank Limited	4,957	4,752
	Jamuna Bank Limited	40,137,029	2 ,376,417
	National Bank Limited	323,849	656,865
	One Bank Limited	1,323,487	2,538,34
	Premier Bank Limited	2,634,567	9,627,93
	Pubali Bank Limited	30,514,242	116,571,55
	Shahjalal Islami Bank Limited	2,875,859	1,599,3
	Sonali Bank Limited	2,089	2
	Southeast Bank Limited	7,495,833	7,9 5,100
	Trust Bank Limited	1,610,665	,198,730
	United Commercial Bank Limited	863	1,977
	Bank Alfalah Limited	6,320,882	3,603,486
	Mercantile Bank Limited	625,069	8,462,464
		110,617,272	212,162,90
5.01.03	**On Fixed Deposit Account**		
	National Finance Limited	200,000,000	-
	BD Finance Limited	200,000,000	150,00 ,00
	Meridian Finance Limited	400,000,000	50 ,0,000
	Jamuna Bank Limited	1,600,000,000	55 ,000,000
	Fareast Finance Limited	100,000,000	-
	Bangladesh Commerce Bank Limited	20,333,800	
	Bay leasing and Investment Limited	100,000,000	
	Islamic Finance and Investment Limited	100,000,000	
	International Leasing and Financial Services Limited	400,000,000	-
	Reliance Finance Limited	200,000,000	-
	IPDC Finance Limited	50,000,000	
	CAPM Venture Capital & Finance Limited	200,000,000	150 ,000
	Premier leasing & Finance Limited	100,000,000	20 ,00,000
	SBAC Bank Limited	227,951,374	1 ,000,000
	Union Capital Limited	200,000,000	,000,000
	GSP Finance (BD) Limited	150,000,000	100,000,000
	Hajj Finance Company Limited	170,000,000	200,000,0
	Social Islami Bank Limited	30,000,000	-
	MIDAS Financing Limited	100,000,000	150,000,0
	Prime Finance & Investment Limited	100,000,000	
	Phoenix Finance & Investments Limited	-	50 ,00,000
	The Farmers Bank Limited	40,775,500	5 ,000,000
	FAS Finance & Investments Limited	-	1 ,000,000
		4,689,060,674	2,07 ,000,000
5.02	**Maturity Grouping of Balance with other Banks and Financial Institutions**		
	On demand	124,904,929	221,412,91
	Up to 3(three) months	411,109,300	900,000
	More than 3(three) months but not more than 1(one) year	4,277,951,374	1,070,00 ,00
	More than 1(one) year but not more than 5(five) years	-	100 ,00,000
	More than 5(five) years	-	-
		4,813,965,603	2,291,412,919
6.00	**Money at call and on short notice**		
	With Banking Companies		
		-	-
		-	-

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		2017 Taka	201 Tal a
7.00	**Investments**		
	Government securities	-	-
	Other investments (note: 7.01)	132,094,351	82,280,99
		132,094,351	82,280,995
7.01	**Other Investments**		
	Preference Shares	30,000,000	40,0 ,000
	Ordinary Shares (note: 7.01.01)	102,094,351	42 ,280,995
		132,094,351	82,280,995

7.01.01 Investment in ordinary shares

Name of Company	Cost Price	Number of Shares	Cost Value	Market Price	Market Value as on 31.12.2017	Provision for diminution in value of share
ACI Formulations Limited	202.12	121,833	24,624,996	173.60	21,150,209	3,474,787
The ACME Laboratories Limited	118.34	52,500	6,212,879	114.00	5,985,000	227,879
GSP Finance Company (Bangladesh) Limited	31.49	138,500	4,361,726	30.70	4,251,950	109,776
Lankabangla Finance limited	51.38	123,000	6,319,276	47.80	5,879,400	439,876
Becon Pharmaceuticals Limited	22.88	315,923	7,229,024	21.30	6,729,160	499,864
IDLC Finance Limited	91.14	100,000	9,114,294	85.30	8,530,000	584,2 4
United Power Generation and Distribution Company Limited	187.37	26,000	4,871,518	181.10	4,708,600	162,918
Confidence Cement Limited	142.22	5,000	711,079	152.50	762,500	(51,421)
Nahee Aluminum Composite Panel Limited	9.31	6,847	63,772	73.40	502,570	(438,798)
Titas Gas Limited	49.78	347,000	17,272,429	44.20	15,337,400	1,935,0
Bangladesh Shipping Corporation	51.74	144,003	7,451,111	46.70	6,724,940	726,171
Olmex Electrode Limited	10.00	6,480	64,800	65.20	422,496	(357,696)
Golden Harvest Agro Industries Limited	46.19	103,500	4,780,273	42.10	4,357,350	422,923
Dhaka Electric Supply Company Limited	48.15	65,856	3,170,681	45.40	2,989,862	180,819
Lafarge Surma Cement Limited	75.42	77,520	5,846,493	69.90	5,418,648	427,8
Total		102,094,351		93,750,085		8,344,267

Opening Balance	184,305	5,202,192
Charge /(recovery) during the year	8,159,961	(5,017,8
Balance as on December 31, 2017	8,344,266	184,30

7.01.02 Maturity-wise Grouping

On demand	102,094,351	42,2 ,95
Up to 3(three) months	-	10 ,0,000
More than 3(three) months but not more than 1(one) year	10,000,000	1 ,000,000
More than 1(one) year but not more than 5(five) years	20,000,000	20,000,000
	132,094,351	82,280,995



		2017 Taka	2016 Taka
8.00	**Loans and advances**		
	Mortgage loans	8,873,727,141	7,593,4[illegible]58
	Lease finance	98,989,785	19[illegible]68,339
	Term loans	441,934,218	26[illegible]897,825
	Small & Medium Enterprises Loan	754,100,735	80[illegible]554,712
	Loan Against Fixed Deposits	39,621,891	58,989,007
	Staff loan (note: 8.05)	36,958,636	29,472,44[illegible]
		10,245,332,407	8,959,772,08[illegible]
	Note - Figure in 2016 has been restated due to changes in presentation.		
8.01	**Maturity-wise Grouping of loans and advances**		
	Up to 1 (one) months	1,918,388,347	967[illegible]0,057
	Up to 3(three) months	60,343,173	42[illegible]295,480
	More than 3(three) months but not more than 1(one) year	993,373,558	1,294,733,789
	More than 1(one) year but not more than 5(five) years	1,591,883,573	1,22[illegible]588,041
	More than 5(five) years	5,681,345,755	5,052,834,718
		10,245,332,407	8,959,772,08[illegible]
8.02	**Loans, Advances and Leases**		
	In Bangladesh		
	Loans	10,146,342,622	7,96[illegible]549,034
	Leases	98,989,785	994,923,051
	Overdraft	-	-
	Cash Credit	-	-
		10,245,332,407	8,959,772,08[illegible]
	Outside Bangladesh	-	-
		10,245,332,407	8,959,772,08[illegible]
8.03	**Geographical Location-wise Grouping**		
	In Bangladesh		
	Dhaka division	7,977,298,654	6,992,[illegible]41,116
	Chittagong division	631,565,169	6[illegible],370,533
	Khulna division	-	-
	Sylhet division	-	-
	Barisal division	-	-
	Rangpur division	411,288,014	271,916,9[illegible]
	Rajshahi division	1,225,180,569	1,059,143,8[illegible]
		10,245,332,407	8,959,772,0[illegible]
	Outside Bangladesh	-	
		10,245,332,407	8,959,[illegible]2,086
8.04	**Significant Concentration-wise Grouping**		
	Directors & their related parties (Note: 54.00)	-	-
	Staff:		
	Managing Director	-	-
	Senior Executives	36,958,636	29,472,44[illegible]
	Others	39,621,891	58,989,0[illegible]
		76,580,527	88,461,4[illegible]
	Industries:		
	Agricultural loan	336,794,722	401,6[illegible]15
	Large and medium enterprises	754,100,735	91[illegible]17,536
	Small and cottage	204,129,281	[illegible]8,071,823
		1,295,024,738	1,351,785,574
	Mortgage Loan		
	Home mortgage loan	7,491,363,779	6,391,138,516
	Commercial mortgage loan	1,081,481,463	790,459,3[illegible]
	Project mortgage loan	300,881,899	337,927,[illegible]
		8,873,727,141	7,519,525,6[illegible]
	Trade & commercial	-	
		10,245,332,407	8,959,[illegible]086

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		2017 Taka	2016 Taka
8.05	**Staff Loan**		
	Personal loan	15,472,451	14,496,753
	Car loan	3,665,477	3,823,11
	House building loan	17,820,708	11,152,5
		36,958,636	29,472,44

8.06 **Details of Large Loan**

As at 31st December 2017 there was no client with whom amount of outstanding and classified loans, advances and ... es exceeded 15.00% of the total capital of the Company. Total capital of the Company was Taka 1,848.38 million ...d Taka 1,781.80 million respectively as at 2017 & 2016 respectively (note: 15.05).

8.07	**Grouping as per Classification Rules**		
	Unclassified:		
	Standard	9,463,314,673	7,994,286,47
	Special Mention Account	257,337,080	522,233,9
	Classified:	**9,720,651,753**	**8,516,520,4**
	Sub-standard	54,576,133	110,420,4
	Doubtful	165,343,166	90,1 ,71
	Bad/loss	304,761,355	24 ,9,048
		524,680,654	**44 ,251,665**
		10,245,332,407	8,959,772,086
8.08	**Loan Type-wise Classified Loan**		
	Mortgage loans	305,755,646	239,037,1
	Lease finance	63,085,452	65,193,8
	Term Finance	56,481,686	18,540,8
	Small & Medium Enterprises	99,357,870	120,479,7
		524,680,654	443,251,665
8.09	**Sector-wise Allocation of Loans, Advances and Leases**		
	Government		
	Private:		
	Mortgage loan	7,792,245,678	6,818,065,877
	Industry	98,989,785	193,368,3
	Term Finance	441,934,218	282,897,8
	Commercial loan	1,081,481,463	775,423,9
	SME Loan	754,100,735	801,554
	Miscellaneous	76,580,527	88,4 ,451
		10,245,332,407	8,959,772,086
8.10	**Securities Against Loans, Advances and Leases**		
	Collateral of moveable/immoveable assets	8,891,547,849	7,5 ,677,602
	Fixed Deposit Receipts (FDR)	39,621,891	58,989,00
	Fixed Deposit of other banks	296,845,995	371,845,9
	Personal guarantee	19,137,928	227,647,3
	Others	998,178,743	770,612,1
		10,245,332,407	8,959,77 ,086



		2017 Taka	2016 Taka

8.11 Particulars of Required Provision for Loans, Advances and Leases

Status	Outstanding Loans, Advances and Leases as at 31.12.2017	Base for Provision	Rate of Required Provision	Required Provision	Required Provision
For Loans, Advances and Leases:					
Unclassified-General					
All unclassified Loans	9,463,314,673	9,463,314,673	0.25% & 1%	90,258,213	75,233,[illegible]
Special Mention Account (SMA)	257,337,080	237,092,791	5.00%	11,854,640	24,[illegible],375
Sub-total:	**9,720,651,753**	**9,700,407,464**		**102,112,853**	**9[illegible],748,384**
Classified-Specific					
Sub-standard	54,576,133	6,430,041	20.00%	1,286,008	[illegible],284,394
Doubtful	165,343,166	65,184,437	50.00%	32,592,219	12,632,798
Bad/Loss	304,761,355	48,374,235	100.00%	48,374,235	32,891,[illegible]
Sub-total:	**524,680,654**	**119,988,713**		**82,252,462**	**49,808,3[illegible]**
Grand-total:	**10,245,332,407**	**9,820,396,176**		**184,365,314**	**149,556,[illegible]**

8.12 Particulars of Loans, Advances and Leases

Loans considered good in respect of which the Company is fully secured	9,228,015,735	7,96[illegible],512,604
Loans considered good against which the Company holds no security other than debtors' personal guarantee	19,137,928	242,144,151
Loans considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors	998,178,743	756,115,3[illegible]
Loans adversely classified-no provision not maintained there against	-	-
	10,245,332,407	**8,959,772,0[illegible]**
Loans due by directors or officers of the bank or any of them either separately or jointly with any other persons	36,958,636	29[illegible],2,444
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-8.09)	304,761,355	443,251,[illegible]
b) Loans written off	38,726,772	6,644,[illegible]
c) Realized from previous written off	-	-
d) Provision on bad loans, advances and leases	82,252,462	[illegible]8,306
e) Interest credited to the interest suspense account (Note-14.05)	110,550,694	9,726,389
f) Cumulative amount of the written off loans/Leases:		
Opening balance	259,813,316	253,239,202
Amount written off during the year	38,726,772	6,644,114
Cumulative to date	298,540,088	259,883,[illegible]
Recovery from write-off	-	7[illegible]
Written off loans for which law suit filed	298,540,088	259,81[illegible]

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.

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9.00 **Fixed assets including premises, furniture and fixtures for 2017**

	2017 Taka	2016 Taka
Cost		
Opening balance	287,217,919	70,744,200
Add: Addition during the year	10,259,241	216,473,719
	297,477,160	**287,217,919**
Less: Disposed during the year	(1,938,053)	-
Balance as on 31.12.2017	**295,539,107**	**287,217,919**
Less: Accumulated depreciation (9.01)	(61,377,920)	(52,496,581)
Written down value as on 31.12.2017	**234,161,187**	**234,721,338**

9.01 **Accumulated depreciation**

Opening balance	52,496,581	42,279,155
Add: Depreciation charged during the year	10,690,416	10,217,426
	63,186,997	**52,496,581**
Less: Adjustment during the year	(1,809,077)	-
Balance as on 31.12.2017	**61,377,920**	**52,496,581**

For details please refer to Annexure - A

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		2017 Taka	2016 Taka
10.00	**Other assets**		
	Income Generating Other Assets:	-	-
	Non-income Generating Other Assets:		
	Advance against fixed assets	77,249,503	6,604,102
	Security deposits	154,460	54,460
	Advance income tax (note: 10.01)	326,304,486	430,620,104
	Advance against branch office	21,600	5,926
	Advance against office rent	2,150,100	2,436,000
	Stamp & Security Paper	273,431	146,100
	Deferred tax assets (note: 10.03)	3,021,365	3,399,235
	Other receivables (note: 10.02)	115,576,178	74,046,645
		524,751,124	517,312,672
10.01	**Advance Income Tax**		
	Balance as at 1st January	430,620,104	258,080,640
	Add: Advance tax for the year:		
	Tax paid during the year	172,024,136	161,964,017
	Tax deducted at source	20,182,939	10,575,447
	Less: Adjusted against tax provision	(296,522,692)	-
		(104,315,617)	172,539,464
	Balance as at 31st December	326,304,486	430,620,104
10.02	**Other Receivables**		
	Cheque dishonored charges	464,547	782,860
	Accounts receivable	3,330,539	9,580,665
	Interest on bank deposits	94,700,646	19,859,290
	Receivable from Dhaka Stock Exchange Ltd.	4,713,440	
	Receivable from Multi Securities	7,120	7,070
	Receivable from ETBL Securities	470,470	3,071,345
	Receivable from UITT Co. Ltd	21,440	31,295,886
	Legal charges receivable	11,421,158	8,753,837
	Others	446,819	694,693
		115,576,178	74,046,645

Note - Figure in 2016 has been restated due to changes in presentation.

10.03	**Deferred tax assets**		
	Balance as at 1st January	3,399,235	(310,287)
	Add: Addition during the year (note: 10.03(a))	(377,870)	3,709,522
		3,021,365	3,399,235
10.03(a)	**Calculation of deffered tax**		
	Carrying amount of Fixed Assets (excluding land)	10,690,416	8,904,853
	Tax base value of Fixed Assets	18,243,829	18,178,658
	Deductible temporary difference	7,553,413	9,273,805
	Applicable tax rate	40.00%	40.00%
	Deferred tax assets on fixed assets	3,021,365	3,709,522
	Deferred tax assets/(liability) at the beginning of year	3,399,235	-
	Deferred tax income/(Expenses)	(377,870)	3,709,522
11.00	**Non-banking assets**	-	-

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		2017 Taka	2016 Taka
12.00	**Borrowing from banks, other financial institutions and agents**		
	Secured		
	In Bangladesh:		
	Secured Overdraft		
	Banking companies:		
	Eastern Bank Limited	96,591,304	11,971,2[illegible]
	Mercantile Bank Limited	50,032,839	6,062[illegible]
	Mutual Trust Bank Limited	402	-
	Prime Bank Limited	23,653,048	[illegible]307,601
	Pubali Bank Limited	201,380,182	372,867
	United Commercial Bank Limited	8,307,590	51,455
		379,965,364	22,066,053
	Non-banking financial institution	-	
		379,965,364	22,066,05[illegible]
	Outside Bangladesh	-	
	Sub-total:	379,965,364	22,066,[illegible]
	Term Loan :		
	Banking companies:	-	[illegible],855,918
	SBAC Bank Limited	1,500,000	8,000,000
	Eastern Bank Limited	162,000,000	150,000,000
	Woori Bank Ltd.	163,500,000	165,855,91[illegible]
	Non-banking financial institution	-	
		163,500,000	165,855,[illegible]
	Outside Bangladesh	-	
	Sub-total:	163,500,000	165,8[illegible]5,918
	Bangladesh Bank Loan:		
	SME loan	508,627,235	[illegible]2,304,206
	HML Refinance Scheme	268,749,881	289,727,654
	Sub-total:	777,377,116	822,031,860
	Un-secured		
	Money at call and on short notice:		
	Banking companies:		
	Sonali Bank Limited	150,000,000	-
	Agrani Bank Limited	100,000,000	-
	Janata Bank Limited	150,000,000	-
		400,000,000	-
	Non-banking financial institution	-	-
		400,000,000	-
	Outside Bangladesh	-	
	Sub-total:	400,000,000	
	Total:	1,720,842,480	1,009,9[illegible],831
12.01	**Remaining Maturity Grouping of Borrowing**		
	Payable on demand	400,000,000	-
	Up to 1 (one) month	32,545,000	240,755,604
	Over 1(one) month to 3(three) months	110,582,589	84,182,079
	Over 3(three) months to 1(one) year	833,372,036	308,845,68[illegible]
	Over 1(one) year to 5(five) years	216,791,000	476,1[illegible]
	More than 5(five) years	127,551,855	
		1,720,842,480	1,009,9[illegible],831
13.00	**Deposits and other accounts**		
	Bank Term deposits	3,930,000,000	2[illegible],000,000
	Customer deposits	7,724,983,097	[illegible],389,160,226
	Other deposits (note: 13.02)	13,181,489	18,469,536
		11,668,164,585	8,477,629,762

Note - Figure in 2016 has been rearrange due to changes in presentation.

Dhaka SSAC

		2017 Taka	2016 Taka
13.01	**Remaining Maturity Grouping of Deposits and Other Accounts**		
	Payable on demand	400,000,000	-
	Within 1(one) month	1,305,899,120	615,049,805
	Over 1(one) month to 6(six) months	2,117,697,489	1,698,889,489
	Over 6(six) months to 1(one) year	2,228,606,982	1,321,155,281
	Over 1(one) year to 5(five) years	3,141,630,296	3,551,318,43[illegible]
	Over 5(five) years to 10(ten) years	2,474,330,698	1,291,216,75[illegible]
	More than 10(ten) years	-	-
		11,668,164,585	8,477,629,[illegible]
13.02	**Other Deposits**		
	Home mortgage loan deposit	1,594,993	2,[illegible]05,382
	Margin deposit	2,219,850	3,480,970
	Refundable share money deposit	6,210,394	6,210,394
	Lease deposit	3,156,252	6,072,790
		13,181,489	18,469,536
14.00	**Other liabilities**		
	Provision for loans, advances ,investments and others(note: 14.01 to 14.04)	201,461,896	194,320,[illegible]
	Interest suspense (note: 14.05)	110,550,694	99,[illegible]6,389
	Provision for gratuity (note: 14.06)	3,903,586	3,[illegible]13,945
	Withholding tax payable	493,190	[illegible],085,910
	VAT & Excise duty payable	189,750	631,077
	Provision for current tax (note: 14.07)	431,849,906	555,381,95[illegible]
	Interest payable	297,621,424	245,577,81[illegible]
	Accrued expenses (note: 14.09)	287,500	287,50[illegible]
	Unclaimed dividend	15,711,392	11,396,[illegible]
	Accounts Payable	7,245,677	4,42[illegible],431
	Sundry deposit	4,270,562	8[illegible]66,203
	Sundry liabilities	-	1,133,378
		1,073,585,577	1,125,844,472
14.01	**Specific Provision on Loans, Advances**		
	Balance as at 1st January	74,323,684	66,216,5[illegible]
	Less: Fully provided debt written off	(37,036,572)	(4,971,8[illegible]
	Provision after written off	37,287,112	61,244,[illegible]
	Add: Provision made during the year	172,152,231	113,6[illegible],276
	Less: Provision recovered	(115,332,242)	(10[illegible]39,268)
	Net charge in the profit & loss account	56,819,989	13,009,008
	Add: Recoveries of amounts previously written off	-	70,000
	Less: Written off of provision no longer required	-	-
	Provisions held at 31st December	94,107,101	74,323,68[illegible]
14.02	**General Provision on Loans, Advances and Leases**		
	Balance as at 1st January	110,265,523	68,17[illegible]25
	Add: Provision made during the year	94,161,496	286,[illegible]9,230
	Less: Provision recovered	(113,134,804)	(24[illegible]285,432)
	Net charge in the profit & loss account	(18,973,309)	42,093,798
	Balance as at 31st December	91,292,214	110,265,523

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		2017 Taka	2016 Taka
14.03	**Provision on investments in share**		
	Balance as at 1st January	184,305	5,202,[illegible]
	Add: Provision made during the year	13,718,365	3,03[illegible]436
	Less: Provision recovered	(5,558,404)	(8,0[illegible]7,323)
	Net charge in the profit & loss account	8,159,961	(5,017,887)
	Balance as at 31st December	8,344,266	184,305
14.04	**Provision on others**		
	Balance as at 1st January	9,547,252	6,922,27[illegible]
	Add: Provision made during the year	564,515	3,889,790
	Less: Provision recovered	(703,252)	(684,1[illegible]
	Net charge in the profit & loss account	(138,737)	3,205[illegible]
		9,408,515	10,1[illegible],930
	Less: Fully provided debt written off	(1,690,200)	[illegible]80,678)
	Provisions held at 31st December	7,718,315	9,547,252
14.05	**Interest Suspense Account**		
	Balance as at 1st January	99,726,389	74,688,157
	Add: Interest suspense charged during the year	179,609,978	110,358,60[illegible]
	Less: Interest suspense realized during the year	(168,785,673)	(84,226,218[illegible]
	Net charge in the profit & loss account	10,824,305	26,132,39[illegible]
		110,550,694	100,820,5[illegible]
	Less: Interest written off	-	(1,09[illegible]159)
	Balance as at 31st December	110,550,694	99,[illegible]36,389

Write-off of Loans/Leases

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

(Figures in Taka)

Balance at 1st January	259,813,316	253,239,20[illegible]
Net loans/leases written-off during the year	38,726,772	6,644,1[illegible]
No. of agreements written-off	19	[illegible]8
No. of clients written-off	16	15
Interest suspense against written-off loans/leases	-	(1,094,159)
Provision adjusted against written-off loans/leases	(38,724,154)	(5,549,955)
Recovery of loans/leases write-off loans/leases	-	70,000
Balance of loans/leases written-off at 31st December 2017	298,540,088	259,813,316

14.06	**Provision for Gratuity**		
	Balance as at 1st January	3,113,945	5,186,7[illegible]
	Add: Provision made during the year	4,099,516	3,42[illegible]
	Less: Payment made during the year	(3,309,875)	(5,4[illegible],585)
	Less: Provision written back during the year	-	-
	Balance as at 31st December	3,903,586	3,113,945
14.07	**Provision for Current Tax**		
	Balance as on 1st January	555,381,950	377,621,587
	Add: Provision made during the year	162,335,439	177,760,36[illegible]
	Add: Short provision for the year 2014 & 2015	10,655,210	
	Less: Adjustment of advance tax	(296,522,692)	
	Balance as at 31st December	431,849,906	555,3[illegible],950
14.08	**Provision for taxation Net Charged for in the Profit & Loss Account**		
	Current tax (note: 14.07)	172,990,649	177,760,363
	Add/ (less): Deferred tax	-	-
		172,990,649	177,760,363

Provisions for current tax has been made on the basis of the profit for the year as adjusted for taxation purposes accordance with the provisions of Income Tax Ordinance, 1984 and amendments made thereto. The current rate for the Company is 40.00% on taxable income.

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		2017 Taka	2016 Taka
14.09	**Accrued Expenses**		
	Promotion and publicity	-	-
	Audit fees	287,500	287,500
	Sundry creditors	-	-
		287,500	287,500
15.00	**Share Capital**		
15.01	**Authorized Capital:**		
	200,000,000 ordinary shares of Tk.10 each	2,000,000,000	2,000,000,000
15.02	**Issued, Subscribed and fully Paid-up Capital:**		
	106,392,000 ordinary shares of Tk.10 each	1,063,920,000	1,063,920,000
	% of holding:	**% of holding**	**% of holding**
	Sponsors	70.02%	81.64
	General public	29.98%	18.36
		100.00%	100.00
	Number of holding:		
	Sponsors	74,490,451	86,857,557
	General public	31,901,549	19,534,443
		106,392,000	106,392,000

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	1929	181,094	0.17%
501 to 5,000	1150	2,003,698	1.88%
5,001 to 10,000	132	1,025,200	0.96%
10,001 to 20,000	56	804,157	0.76%
20,001 to 30,000	21	563,023	0.53%
30,001 to 40,000	10	343,887	0.32%
40,001 to 50,000	9	426,182	0.40%
50,001 to 100,000	19	1,348,752	1.27%
100,001 to 1,000,000	34	8,214,218	7.72%
Above 1,000,000	20	91,481,789	85.97%
Total:	**3380**	**106,392,000**	**100.00%**

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

15.04 **Capital Requirement**

As per DFIM circular no. 05 dated July 24, 2011 of Bangladesh Bank, an NBFI requires to have Tk.100 crore as it minimum capital which shall be deemed to be adequate capital. When the core capital equals or exceeds minimum capital then the capital shall be treated as adequate capital of NBFI. Core capital consists of paid capital, retained earnings, statutory reserve and balance of current year's profit but in case of total capital it includes core capital plus general provision on good loans/leases. Status of the capital has given bellow:

Core capital (paid-up capital, retained earnings & statutory reserve etc.)	1,700,604,147	1,636,961,590
Less: Required minimum capital	(1,000,000,000)	(1,000,000,000)
Surplus over minimum required capital	**700,604,147**	**636,961,590**
Core capital (paid-up capital, retained earnings & statutory reserve etc.)	1,700,604,147	1,636,961,590
Add: Provision on good loan/leases	91,292,214	110,265,523
Total capital	**1,791,896,361**	**1,747,227,113**
Less: Required minimum capital	(1,000,000,000)	(1,000,000,000)
	791,896,361	**747,227,113**



		2017 Taka	2016 Taka
15.05	**Capital Adequacy Ratio-As per BASEL-II**		
	I. Tier-1 (Core Capital)		
1.1	Fully Paid-up Capital/Capital Deposited with BB	1,063,920,000	1,063,920,000
1.2	Statutory Reserve	411,384,918	360,355,287
1.3	Non-repayable share premium account	-	-
1.4	General Reserve	-	-
1.5	Retained Earnings	225,299,229	212,686,303
1.6	Minority interest in Subsidiaries	-	-
1.7	Non-Cumulative irredeemable Preference shares	-	-
1.8	Dividend Equalization Account	-	-
1.9	Others (if any item approved by Bangladesh Bank)	-	-
1.10	**Sub-Total (1.1 to 1.9)**	1,700,604,147	1,636,961,590
	Deductions from Tier-1 (Core Capital)		
1.11	Book Value of Goodwill and value of any contingent assets which are shown as assets	-	-
1.12	Shortfall in provisions required against classified assets	-	-
1.13	Shortfall in provisions required against investment in shares	-	-
1.14	Remaining deficit on account of revaluation of investments in securities after netting off from any other surplus on the securities.	-	-
1.15	Any investment exceeding the approved limit.	-	-
1.16	Investments in subsidiaries which are not consolidated	-	-
1.17	Increase in equity capital resulting from a securitization exposure	-	-
1.18	Other (if any)	-	-
1.19	Sub-Total (1.11 to 1.18)	-	-
1.20	**Total Eligible Tire-1 Capital (1.10-1.19)**	1,700,604,147	1,636,961,590
	2. Tier-2 (Supplementary Capital)		
2.1	General Provision (Unclassified loans up to specified limit + SMA + off Balance Sheet exposure)	116,737,815	104,841,847
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	30,000,000	40,000,000
2.6	Other (if any item approved by Bangladesh Bank)	-	-
2.7	Sub-Total (2.1 to 2.6)	146,737,815	144,841,847
2.8	Applicable Deductions if any	-	-
2.9	**Total Eligible Tire-2 Capital (2.7-2.8)**	146,737,815	144,841,847
	Total Capital	1,847,341,962	1,781,803,437
	Total risk weighted assets	10,343,521,712	9,158,416,180
	Required minimum capital 10% of RWA or Tk. 100.00 crore, which is higher.	1,034,352,171	1,000,000,000
	Surplus	812,989,791	781,803,437
	Capital Adequacy Ratio	17.86%	19.57%
16.00	**Statutory reserve**		
	Balance as at 1st January	360,355,287	311,601,129
	Reserve made during the year	51,029,631	48,754,157
	Balance as at 31st December	411,384,918	360,355,287

Statutory reserve has been created at the rate of 20.00% of the net profit of Tk. 255,148,157 as per Bangladesh Bank's guidelines.

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		2017 Taka	2016 Taka
17.00	**Retained earnings**		
	Balance as at 1st January	212,686,303	198,536,071
	Add: Net profit after tax for the year	255,148,157	243,770,789
		467,834,460	442,306,860
	Less: Allocations:		
	Transferred to statutory reserve	(51,029,631)	(48,754,157)
	Issue of Bonus Share	-	-
	Dividend	(191,505,600)	(180,866,400)
		(242,535,231)	(229,620,557)
	Balance as at 31st December	225,299,229	212,686,303

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		2017 Taka	2016 Taka
18.00	**Income statement**		
	Income:		
	Interest, discount and other similar income (note: 19.00)	1,392,628,969	1,187,793,699
	Dividend income (note: 21.00)	6,732,455	6,904,882
	Fees, commission & brokerage (note: 22.00)	76,480	214,900
	Gains less losses arising from investment in securities(note: 21.00)	14,865,342	1,105,292
	Other operating income (note: 23.00)	26,907,391	32,706,368
		1,441,210,637	**1,228,725,141**
	Expenses:		
	Interest on borrowing, fees and commission (note: 20.00)	814,692,065	625,428,872
	Losses on loan, advances and leases (note: 31.00)	37,846,681	55,[illegible],806
	Administrative expenses	126,741,725	111,[illegible]17,427
	Other operating expenses (note: 30.00)	14,491,220	10,633,980
	Depreciation on banking assets (note: 29.00)	10,901,047	10,552,662
		1,004,672,738	**812,715,747**
		436,537,899	**416,009,394**
19.00	**Interest income**		
	Interest on mortgage loan:		
	Home mortgage loan	878,328,236	831,022,[illegible]
	Commercial mortgage loan	73,430,376	47,3[illegible],526
	Project mortgage loan	28,635,955	49,[illegible]96,589
		980,394,567	927,600,387
	Less: Interest suspense	(4,713,078)	(17,486,941)
		975,681,489	910,113,446
	Interest on lease finance:		
	Industrial equipment	8,969,415	21,678,11[illegible]
	Vehicles	3,972,933	10,758,5[illegible]
	Delinquent interest	13,606,067	20,41[illegible]
		26,548,415	52,8[illegible],718
	Less: Interest suspense	(6,111,227)	(8,045,450)
		20,437,188	44,203,268
	Interest on term finance	106,319,481	134,317,453
	Interest on fixed deposits	259,362,741	85,287,497
	Interest on short term deposit	22,482,367	5,230,73[illegible]
	Interest on loan against FDR	6,686,352	4,792,63[illegible]
	Interest on staff loan	1,659,351	1,848,[illegible]
		1,392,628,969	1,187,793,[illegible]
20.00	**Interest paid on deposits, borrowings etc.**		
	Call money interest	18,390,694	[illegible],394,903
	Secured overdraft interest	7,205,632	3,354,829
	Term deposit interest	170,601,248	84,314,669
	Term loan interest	24,184,419	2,536,1[illegible]
	Customer Deposit Int. - Kotipoti Scheme	4,096	-
	Customer Deposit Int. - Housing Deposit Scheme	159	
	Customer Deposit Int. - Mohila Savings Scheme	457	
	Customer Deposit Int. - Money Multiplier Scheme	22,534	-
	Customer deposit interest - Term Deposit	485,454,762	41[illegible],574,453
	Customer deposit interest - Income Account	38,787,347	50,770,056
	Customer deposit interest - Double Money Account	22,097,207	29,177,256
	Customer deposit interest - Triple Money Account	3,649,105	254,850
	Customer deposit interest-MSS	1,985,171	1,076,7[illegible]
	Customer deposit interest-MUNR	3,710,878	2,646,6[illegible]
	HML refinance interest	13,205,515	15,258,[illegible]
	SME loan interest	25,392,842	25,0[illegible],955
		814,692,065	625,[illegible]28,872



		2017 Taka	2016 Taka
21.00	**Investment Income**		
	Dividend on ordinary shares	2,669,955	1,592,382
	Dividend on preference shares	4,062,500	5,312,500
	Gain on sale of shares	16,545,190	1,790,316
	Loss on sale of shares	(1,679,847)	(685,024
		21,597,797	**8,010,174**
22.00	**Commission, exchange and brokerage**		
	Fees	76,480	214,900
		76,480	**214,900**
23.00	**Other operating income**		
	Application, processing and documentation fees	22,332,192	30,497,358
	Delinquent charge-MSS,MLNR etc.	6,419	8,308
	Interest on call Money lending	-	153,097
	Other income	4,568,780	2,047,605
		26,907,391	**32,706,368**
24.00	**Administrative expenses**		
24.01	**Directors' fees and expenses**		
	This represents fees paid for attending board meetings and other committee meetings @ Tk. 8,000/- per attendance per person.	1,950,400	2,171,200
		1,950,400	**2,171,200**
24.02	**Salaries and allowances**		
	Salary & allowances (note: 24.02.01)	66,128,324	58,016,706
	Provident fund contribution	3,394,461	2,942,752
	Gratuity	4,099,516	3,420,805
	Bonus	12,827,858	9,093,365
		86,450,159	**73,479,652**

24.02.01 This includes managerial remuneration of Taka 58.74 million and balance amount Taka 27.71 million is on account of staff salary, bonus and other allowances. The number of employees including contract based employees were 153 and 151 for the year 2017 & 2016 respectively.

24.03	**Rent, taxes, insurance, electricity etc.**		
	Office maintenance	1,794,022	1,487,666
	Office rent	3,032,170	2,624,352
	Security Guard	888,958	756,470
	City corporation Taxes	49,248	52,351
	Electricity	1,886,065	1,654,872
	Utilities	136,716	125,101
	Insurance (note: 24.03.01)	935,286	480,188
		8,722,465	**7,178,200**
	Note - Figure in 2016 has been rearrange due to changes in presentation.		

24.03.01 Taka 503,955 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	266,500	1,655,822
	Legal charges	300	39,250
	Membership fees and subscription	2,078,268	1,477,368
		2,345,068	**3,172,440**
25.00	**Postage, stamps, telecommunication etc.**		
	Courier	193,158	151,038
	Postage	42,515	18,450
	Stamps & security paper	1,741,325	1,965,370
	Telephone, fax & e-mail	1,380,525	1,263,842
		3,357,523	**3,390,700**

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		2017 Taka	2016 Taka
26.00	**Stationery, printing, advertisement etc.**		
	Printing	2,055,246	542,13[illegible]
	Stationery	1,088,261	844,[illegible]06
	Business Commission	3,103,801	2,909,110
	Promotion & publicity	11,377,302	11,037,888
		17,624,610	15,333,735
27.00	**Managing Director's salary and fees**		
	Salary & allowances	4,164,000	4,164,000
	Provident fund contribution	240,000	240,000
	Bonus	1,600,000	1,600,000
		6,004,000	6,004,0[illegible]
28.00	**Auditors' fees**	287,500	287,500
29.00	**Depreciation on and repairs to assets**		
	Depreciation:		
	Building	1,308,536	1,453,932
	Newly acquired Building	4,148,357	4,276,656
	Furniture	2,020,015	1,637,989
	Office equipment	1,851,208	1,145,976
	Motor vehicle	1,362,300	1,702,873
		10,690,416	10,217,42[illegible]
	Repair and maintenance	210,631	315,236
		10,901,047	10,532,662
30.00	**Other expenses**		
	Traveling expenses	319,492	126,628
	Conveyance bill	2,266,389	1,803,892
	Training	431,601	186,013
	Bank charges and excise duty	2,551,042	1,110,121
	Books, periodicals and others	69,918	62,483
	Office refreshments	1,873,029	1,142,0[illegible]
	Motor car	5,613,927	5,232,432
	Office general expenses	647,626	485,908
	AGM Expenses	446,900	349,855
	Trade License Fees	112,702	108,480
	Computer Software Expenses	132,609	-
	Investment expenses share	25,985	26,140
		14,491,220	10,633,980
31.00	**Provisions for loan and advances**		
	For classified loans, advances and leases	56,819,989	13,009,[illegible]08
	For unclassified loans, advances and leases	(18,973,309)	42,093,798
		37,846,681	55,102,806
31.01	**Provision for investments**		
	Made during the year	13,718,365	3,039,436
	Recovery during the year	(5,558,404)	(8,057,323)
		8,159,961	(5,017,887)
31.02	**Others**		
	Provisions for legal charges	168,310	3,327,0[illegible]
	Provisions for cheque dishonored & clearing charges	(307,047)	(121,435)
		(138,737)	3,205,654

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		2017 Taka	2016 Taka
32.00	**Earnings per share**		
	a) Earnings attributable to the ordinary shareholders(Taka)	255,148,157	243,770,786
	b) Number of ordinary shares outstanding during the year	106,392,000	106,392,000
	c) Weighted average number of ordinary shares outstanding during the year	106,392,000	106,392,000
	d) Basic earnings per share (a/c)	**2.40**	**2.29**

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 31st December 2017 as per BAS-33" Earnings Per Share". No diluted EPS was required to be calculated for the year since there was no scope for dilution of shares during the year.

33.00	**Interest receipts in cash**		
	Interest income from loans, advances & leases	1,392,628,969	1,187,793,699
	(Increase)/decrease in interest receivable on loans, advances and leases	-	-
	(Increase)/decrease in other receivable	(74,841,357)	816,822
		1,317,787,612	1,188,610,521
34.00	**Interest payments**		
	Total interest expenses (note: 20.00)	814,692,065	625,428,872
	Add: Opening balance of interest payable	245,577,815	196,410,961
	Less: Closing balance of interest payable	(297,621,424)	(245,577,815)
		762,648,456	576,262,019
35.00	**Fees and commissions receipts in cash**		
	Fees, commission and brokerage (note: 22.00)	76,480	214,900
	Add: Opening balance of fees, commission and brokerage	-	-
	Less: Closing balance of fees, commission and brokerage	-	-
		76,480	214,900
36.00	**Cash payments to employees**		
	Staff salaries and allowances (note: 24.02)	86,450,159	73,479,652
	Managing Director's salaries and allowances (note: 27.00)	6,004,000	6,004,000
	Add: Opening balance of staff dues	4,423,431	4,165,686
	Less: Closing balance of staff dues	(7,245,677)	(4,423,431)
		89,631,913	79,225,907
37.00	**Cash payments to suppliers**		
	Printing, stationary and advertisement etc. (note: 26.00)	17,624,610	15,333,735
	Postage, stamps, telecommunication etc. (note: 25.00)	3,357,523	3,390,700
	Repair & maintenance (note: 29.00)	210,631	315,236
	Add: Opening balance of suppliers dues	-	-
	Less: Closing balance of suppliers dues	-	-
		21,192,764	19,039,671
38.00	**Receipts from other operating activities**		
	Other operating income (note: 23.00)	26,907,391	32,706,368
	Profit on sale of share (note: 21.00)	16,545,190	1,790,316
	Loss on sale of share (note: 21.00)	(1,679,847)	(685,024)
		41,772,733	33,811,660



		2017 Taka	2016 Taka
39.00	**Payments for other operating activities**		
	Detectors' fees	1,950,400	2,171,200
	Legal expenses	2,345,068	3,172,440
	Auditor's fees	287,500	287,5[illegible]
	Office occupancy cost	1,794,022	4,476,491
	City Corporation Taxes	49,248	5[illegible],351
	Electricity	1,886,065	1,041,496
	Utilities	136,716	1,127,974
	Insurance	935,286	480,188
	Other expenses (note: 30.00)	14,491,220	10,633,980
	Add: Opening balance of outstanding payable	287,500	187,500
	Less: Closing balance of outstanding payable	(287,500)	(287,500)
		23,875,525	23,343,320
40.00	**Increase/(Decrease) of other deposits**		
	Closing balance:		
	Term deposits	11,654,983,097	8,459,160,226
	Other deposits	13,181,489	18,469,536
		11,668,164,585	**8,477,629,762**
	Opening balance:		
	Term deposits	8,459,160,226	5,526,062,366
	Other deposits	18,469,536	25,796,30[illegible]
		8,477,629,762	**5,551,858,667**
		3,190,534,823	**2,925,771,095**
41.00	**Sanction and disbursement**		
	Sanction	4,166,680,513	3,935,806,883
	Disbursement	2,693,998,586	3,310,684,356
	Undisbursed	**1,472,681,927**	**625,122,527**
41.a			
	Contingent liabilities		
	Government	-	-
	Directors	-	-
	Bank and other Financial Institution	-	-
	Other	**1,472,681,927**	**625,122,527**

42.00 Audit committee of the board

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

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

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	2017	2016
	Taka	Taka

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

01 Audit and inspection report of Bangladesh Bank Inspection Team and External Auditors of National Housing.

02 Ensuring an effective Internal Control System and Risk Management System.

03 Review the findings of auditors and management response thereto.

04 Stressing on the importance of the regulatory compliance.

05 Review of conflict of interests.

06 Review of the credit policy of the Company.

07 Any other matters which deems necessary.

43.00 Highlights of overall activities

Highlights of the overall activities of the Company as at end for the year ended 31st December, 2017 are furnished bellow:

SL #	Details	2017	2016
01	Paid-up Capital	1,063,920,000	1,063,920,000
02	Total Capital	1,700,604,147	1,636,961,590
03	Capital surplus/(deficit)	700,604,147	636,961,590
04	Total assets	16,163,196,789	12,250,389,655
05	Total deposits	11,668,164,585	8,477,629,762
06	Total loans, advances, leases & Others	10,377,426,758	8,959,772,08
07	Total contingent liabilities and commitments	1,472,681,927	647,379,[illegible]
08	Credit deposit ratio	88.94%	[illegible].69%
09	% of Classified loans against total loans and advances	5.06%	4.95%
10	Profit after tax and provisions	255,148,157	243,770,786
11	Amount of classified loans during the year	524,680,654	443,251,665
12	Provisions kept against classified loans	82,252,462	49,808,306
13	Provisions surplus/(deficit)	17,096,582	44,764,074
14	Cost of fund	8.06%	9.34%
15	Interest earnings assets	15,404,284,479	11,498,355,64[illegible]
16	Non-interest earnings assets	758,912,311	752,034,0[illegible]
17	Return on investments (ROI)	4.93%	[illegible].56%
18	Return on assets (ROA)	1.80%	2.31%
19	Income from investments	21,597,797	8,[illegible]10,174
20	Weighted average earnings per share	2.40	2.29
21	Net income per share	2.40	2.29
22	Price earning ratio	19.54	15.14
23	Return on equity (ROE)	15.29%	15.18%
24	Net asset value per share (NAV)	15.98	15.39

44.00 Company information

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

45.00 Geographical area of operation

Company's geographical area of operation was in Dhaka, Chittagong, Bogra and Rangpur in the year 2017.

46.00 Capital expenditure commitment

There was neither any outstanding contract nor any Board authorization for capital expenditure as at December 31 2017.



		2017 Taka	2016 Taka

47.00 Contingent liabilities

There is a difference in provision for taxation made by the company and tax claimed by Tax Authority for Taka 22,256,919. The assessment of tax for different year is pending at different Tax Authority. Thus the difference of provision for taxation considered as Contingent Liability.

48.00 Subsequent events-disclosure under BAS 10: "events after the balance sheet date"

No material event has been occurred after the Balance Sheet date, which could materially effect the value of the financial statements except the Board of Directors in its 196 th Meeting held on March 18, 2018 has recommended 19.00% cash dividend subject to the approval of the shareholders at the 19 th Annual General Meeting.

49.00 Claims against the company not acknowledge as debt

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

50.00 Credit facility availed

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

51.00 Closing price of share

The Company traded its ordinary shares in CDBL through DSE & CSE from 1st January 2009. The closing market price on the closing of the year was Tk.47.20 and Tk.46.50 respectively in the DSE & CSE.

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

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

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

54.00 Related party disclosure :

Name of Director	Position in NHFIL	Name of the firms/companies in which interest as proprietor, partner, director, managing agent, guarantor, employee etc.
Mr. Latifur Rahman Representing Bangladesh Lamps Ltd.	Chairman	Transcom Limited
		Eskayef Pharmaceuticals Ltd.
		Transcom Beverages Ltd.
		Transcom Consumer Products Ltd.
		Transcom Distribution Company Ltd.
		Transcom Foods Ltd.
		Transcom Electronics Ltd.
		Bangladesh Electrical Industries Ltd.
		Mediastar Ltd.
		Ayna Broadcasting Corporation Ltd.
		Tea Holdings Ltd.
		Transcraft Ltd.
		Transfin Trading Ltd.
		Trinco Ltd.
		Transcom Mobile Ltd.
		W. Rahman Jute Mills Ltd.
		Bangladesh Lamps Ltd.
		Mediaworld Ltd.
		Monipur Tea Company Ltd.
		M. Rahman Tea Company Ltd.
		Marina Tea Co. Ltd.
		BRAC
Mr. Mahbubur Rahman Representing Eastland Insurance Co. Ltd.	Director	ETBL Holdings Ltd.
		Eastern Trading (Bangladesh) Ltd.
		ETBL Development Construction Ltd.
		ETBL Securities & Exchanges Ltd.
		Progressive Investments Ltd. (successors to the National Rubber
		Century Cold Storage Ltd
		Eastland Insurance Co. Ltd.
		International Publications Ltd.
Mr. M. A. Sabur Representing United Commercial Bank Ltd.	Director	United Commercial Bank Limited
		Maxim Limited
		Maxim International Limited
		Concept Knitting Limited
		Masco Shares & Securities Limited
		Masco Properties Limited
		Masco Poultry Limited
		Masco Cottons Limited
		Masco Services Limited
		Shanta Expressions Limited
		Masco Superknits Limited
		Masscmina Energy Limited
Mr. Syed M. Altaf Hussain Representing Pragati Insurance Ltd.	Director	Pragati Insurance Ltd.
		WW Grains Corp. representing Cargill Inc., USA
		Sonic Allied Industries Ltd.
		WW Properties Ltd.
		The Daily Janata
		Jamuna Resort Ltd.

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Mr. Syed Ali Jowher Rizvi	Director	Lankan Alliance Finance Limited
		Alliance Holdings Limited (AHL)
		Oriental Oil Company Ltd
		PEB Steel Alliance Ltd
		Summit Alliance Port Limited
		Ispahani Summit Alliance Terminals Ltd
		Ispahani Alliance Pharmaceuticals Ltd
		Alliance Properties Ltd
		Union Accessories Ltd
		Union Knitting & Dyeing Ltd
		Fountain Garments Manufacturing Ltd
		Rabab Washing Industry Ltd
		Rabab Fashion Industries Ltd
		Alliance Oil Limited
Mr. Akhtar Ahmed Representing Reliance Insurance Ltd.	Director	Reliance Insurance Ltd
Mr. Muminul Haque Chowdhury Representing Borak Travels (Pvt.) Limited	Director	Borak Travels (Pvt.) Limited
Mr. Azmal Hossain Representing Eastern Insurance Co. Ltd.	Director	Eastern Insurance Co. Ltd.
		Hashem Paper Mills Ltd.
Mr. M. Nurul Alam Representing Shaw wallace Bangladesh Ltd.	Director	Shaw Wallace Bangladesh Ltd
		SW Shipping Ltd.
Mr. Md. Kabir Reza FCMA Representing Square Pharmaceuticals Ltd.	Director	Square Pharmaceuticals Ltd.
		United Financial Trading Company Limited
Professor Imran Rahman	Independent Director	University of Liberal Arts Bangladesh (ULAB)

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

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

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

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

54.05 **Related party transactions**

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

Name of related	Transaction	Balance at year end receivable (payable)
		Taka
United Commercial Bank Ltd.	Over draft	(8,307,590)
(Sponsor shareholder)	STD/CD account	86
National Bank Ltd. (Sponsor Director)	STD/CD account	393,849
National Life Insurance Co. Ltd. (Sponsor Director)	Term deposit	111,350,000
Square Pharmaceuticals Ltd. (Sponsor Director)	Term deposit	1,703,184,112
Reliance Insurance Co. Ltd. (Sponsor Director)	Term deposit	112,063,000
Bangladesh Lamp (Sponsor Director)	Term deposit	25,156,730
		1,943,770,704

Md. Khalilur Rahman	**Md. Kabir Reza**	**Syed Tasveer Hussain**	**Latifur Rahman**
Managing Director	Director	Independent Director	Chairman

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Fixed assets including premises, furniture and fixtures for 2017

(Annexure-A)

Figures in Taka

Particulars	Cost					Depreciation					
	Balance as on 01.01.17	Disposed during the year	Addition during the year	Balance as on 31.12.17	Rate	Balance as on 01.01.17	Adjust-ments for disposal	Charged during the year	Balance as on 31.12.17	Written down value as on 31.12.17	Written down value as on 31.12.16
Land & building	96,509,093	-	-	96,509,093	10.00%	26,203,703	-	1,308,536	27,512,239	68,996,854	70,305,390
Newly acquired Building	142,555,215	-	-	142,555,215	3.00%	4,276,656	-	4,148,357	8,425,013	134,130,202	138,278,559
Furniture	22,078,137	389,353	5,543,495	27,229,569	10.00%	7,333,444	304,037	2,020,015	9,049,422	18,180,147	14,741,983
Office equipment	14,540,700	1,548,700	4,715,746	17,707,746	20.00%	9,956,790	1,505,040	1,851,208	10,302,958	7,404,788	4,583,910
Motor vehicle	11,537,484	-	-	11,537,484	20.00%	4,725,988	-	1,362,300	6,088,288	5,449,196	6,811,496
Total:	287,217,919	1,938,053	10,259,241	295,539,107		52,496,581	1,809,077	10,690,416	61,377,920	234,161,187	234,721,338

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