

Business News Supplement of National Housing Finance And Investments Ltd.**National Housing holding Gala Reception**

National Housing Finance And Investments Limited is holding a gala reception today on 16th October 1999 at 6:00 p.m. at Winter Garden, Dhaka Sheraton Hotel to mark the inauguration of the Company. Mr. Shah A M S Kibria, Minister of Finance, Government of Bangladesh will be the Chief Guest and Engr. Mosharraf Hossain, Minister for Housing and Public Works will be the Guest of Honour. It may be noted that National Housing Finance And Investments Limited is the largest non-banking financial institution promoted by 18 corporate bodies and two groups of non-resident Bangladeshi investors from UK & Zambia.

The Chairman recalls how National Housing became a reality

Recalling the men behind and their effort for founding National Housing, Mr. M Matul Islam, Chairman of the Board of Directors said-

"It was in 1996 that Mr. Rezaur Rahman, Chairman, Shaw Wallace Bangladesh Ltd. proposed to a few like-minded professionals the creation of a financial institution on the model of building societies in UK. The first commitment of Tk. 2 crores towards equity came from Shaw Wallace followed in quick succession commitments from Pragati Insurance, National Life Insurance, Reliance Insurance, National Bank and so on. IPDC which had earlier planned to float a housing finance company extended its full support to this initiative.

The news of such an institution taking shape spread and caught the imagination of other institutional investors who overwhelmed the promoters with request for a slot in the company.

It was on January 5, 1997 that the 20 promoters put in their papers to the Bangladesh Bank for a license to operate as a non-banking financial institution with an initial subscribed capital of Tk. 40 crores.

What was then perceived to be a quick approval process of a financial institution for which there was a long felt need, turned out to be a two-year of agonizing wait for surmounting the legal

road-blocks for securing Bangladesh Bank's consent. The patience and perseverance of the 20 promoters finally triumphed over a slow and uninspiring bureaucratic procedure.

The promoters perceive this as an institution where national interests and national priorities shall prevail over any group interests. The project is a victory of the dictum that unity is strength and that through unity we can achieve greater glory for the country.

The promoters are indeed grateful to the Finance Minister, the Secretary, Ministry of Finance, and the Governor, Bangladesh Bank, without whose active support and co-operation the project could not have seen the light of the day."

Inauguration of National Housing Finance Today Urges Government to remove policy discrimination against private sector home finance companies

The on-again and off-again housing loan operation by the government-owned HBFC gets full governmental support and backing, but the private sector housing finance companies like National Housing are not so privileged. Whereas HBFC gets budgetary support in terms of equity injection and government guaranteed bonds at low cost from the market place, the National Housing, with its equity financed by the private sector investors, would have to depend entirely on market borrowings at a high cost to continue its lending operation. The HBFC therefore offers home loan finance at subsidised rate and the borrowers are forced to pay higher interest rates from the private

sector operators because of high cost of funds.

For the middle-class housing program, the government should consider giving budgetary support for loans at a cheaper cost and the Bangladesh Bank should come up with a scheme of subsidised financing for the middle-class home finance by the private sector finance companies.

Another area of discrimination is the waiver of stamp duty for the HBFC for registered mortgages denied to the private sector operators who are, therefore, exposed to higher risk of default. Many a borrower is unable or unwilling to pay for the high-cost stamp duty for registered mortgages. The

private sector operators, therefore, have little option but to accept equitable mortgage not considered safe enough for the government-owned finance company. This discrimination needs to be addressed and remedied.

Unlike HBFC, private housing finance companies have to offer flexible mortgage rates to protect against future increases in the cost of funds. In a regime of rising interest rates, this can hurt fixed income groups to keep up with mortgage payments. The government should seriously consider creation of interest equalization fund to subsidise interest payment when the high cost of borrowing triggers upward revision of mortgage payments by

the middle class home owners.




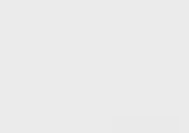
Home finance companies providing long term loans with all its concomitant risks needs supports by way of tax exemptions for 3 to 5 years. Without the tax holiday benefits, there will be little attraction for investment in such slow moving companies. Housing and Shelter are basic needs of the people and the private sector institutions dedicated to tackle this problem should be the most eligible candidate for tax exemption. Even HBFC enjoys partial tax holiday and has been allowed to create tax free reserve equivalent to ten percent of its net profit, not yet admissible to its private sector counterparts.

Promoters and Directors of National Housing

Standing from left: Mr. Solaiman Khan Mojlish, Mr. Latifur Rahman, Mr. Abu Zafar Humayun, Mr. M H Samad, Mr. Shamsul Alam, Mr. A K M Rafiqul Islam, Mr. M Azmal Hoque, Mr. Syed Ali Jowher Rizvi, Mr. A K M Iftekhar Ahmed, Mr. Mirza Ejaz Ahmed, Ms. Farida Chowdhury, Mr. Golam Halim, Mr. N W Khandakar, Sitting from left: Mr. M Haider Chowdhury, Mr. Rezaur Rahman, Mr. Samson H Chowdhury, Mr. M Matul Islam, Mrs. Joya Pati, Mr. Mir Shamsuz Zoha, Not in the Picture: Mr. C M Alam, Mr. Syed Mohsen Ali, Mr. Mohd. Noor Ali, Mr. M Lutfar Rahman, Mr. Abdul Monem, Mr. Zafar Ahmed Chowdhury

Build the house of your dreams!

You've only been dreaming of having a home of your own. Now see it stand on firm ground. Come to National Housing where you can get a Home Mortgage loan for-

-  Construction of houses
-  Purchase of houses or apartments
-  Renovation or extension of existing property
-  Purchase of housing plots in approved land developments

So what are you waiting for?

Come to National Housing and see your dreams take shape.

National Housing is one of the country's largest financial institutions with a subscribed capital of Tk. 400 m provided by its following shareholders:

- | | |
|---------------------------------|-----------------------------------|
| Arab Bangladesh Bank Ltd | Sadharan Bima Corporation |
| IFIC Bank Ltd | IPDC Bangladesh Ltd |
| National Bank Ltd | Bangladesh Lamps Limited |
| United Commercial Bank Ltd | Borak Travels (Pvt.) Ltd |
| Eastern Insurance Co. Ltd | HRC Bangladesh Limited |
| Eastland Insurance Company Ltd | Shaw Wallace Bangladesh Ltd |
| Jiban Bima Corporation | Square Pharmaceuticals Ltd |
| National Life Insurance Co. Ltd | Unicorn Equities Limited |
| Pragati Insurance Ltd | Overseas Investors Forum (UK) |
| Reliance Insurance Ltd | Overseas Investors Forum (Zambia) |

National Housing Finance And Investments Limited
Chamber Building (6th Floor), 122-124 Motijheel, Dhaka-1000
Telephone: 9559311-2, 9553387, 9553254, Fax: 9568987

Objectives of National Housing :**Core activities relating to home finance :**

- To grant loans for the purpose of acquisition of land, purchase or construction of buildings for industrial, commercial, residential or any other purpose.
- To provide loans for the purpose of extension or improvement of existing commercial, residential units.
- To provide financing for companies, institutions or other corporate bodies for on-lending to their employees or any other housing pro-

grams implemented by such companies, institutions, and corporate bodies.

- To promote directly or by sponsoring subsidiary unit, property development covering land acquisition, land development, sites and services development, habitation planning development, and housing development.

Activities relating to Investments :

- To issue all types of mutual funds, manage assets, portfolios as debenture trustees, and generally perform mer-

chant banking functions.

- To carry on the business of an investment company and take part in the formation, management, supervision or control of business or operation of any industrial, commercial, or financial undertakings.
- To take over or acquire the business including the capital assets and liabilities of any business concern within or outside Bangladesh.

Profile of National Housing Finance

National Housing Finance And Investments Ltd. has been registered with an Authorized Capital of Tk. 2000 million of which Tk. 400 million has been subscribed equally by 20 promoters. Fifty percent of the capital subscribed has already been paid up. The company has been promoted by:

Banks :

1. IFIC Bank Ltd.
2. National Bank Ltd.
3. Arab Bangladesh Bank Ltd.
4. United Commercial Bank Ltd.

Insurance Companies :

1. Pragati Insurance Limited
2. Reliance Insurance Limited
3. National Life Insurance Co. Ltd.
4. Sadharan Bima Corporation
5. Jiban Bima Corporation
6. Eastern Insurance Limited.
7. Eastland Insurance Co. Ltd.

Development Finance Institution :

1. Industrial Promotion and Development Co. Ltd. (IPDC)

Local Corporate Bodies/ Business Houses :

1. Bangladesh Lamps

Limited

2. Square Pharmaceuticals Ltd.
3. HRC Bangladesh Limited
4. Borak Travels (Pvt.) Ltd.
5. Unicorn Equities Limite
6. Shaw Wallace Bangladesh Ltd.

Groups of Non Resident Bangladeshis :

1. Overseas Investors Forum (UK)
2. Overseas Investors Forum (Zambia)

Board of Directors :

The 20-member Board of Directors nominated one each by the 20 promoters are senior and successful professionals and entrepreneurs well versed in the operations of financial sector institutions. Mr. CM Alam of IPDC has been nominated Vice Chairman.

National Housing is presently operating from Chamber Building (6th floor), 122-124 Motijheel, Dhaka-1000, Telephone: 9559311-2, 9553387, 9553254, Fax: 9568987.

Home financing for middle class is high priority for National Housing

National Housing attaches high priority to financing home ownership of middle-class urban population consisting of mid-level government servants, corporate executives, executives of banks, insurance companies, doctors, lawyers and other professional groups. The impediments to large scale financing for middle class dwelling places, however, are:

- a. Acute shortage of stock of such home units in the market place;
- b. Absence of any well-planned organized effort for constructing such dwelling units ;
- c. Sky-rocketing of urban land price making it difficult to offer such dwelling units at affordable prices ; and
- d. The developers' apathy for building such low cost housing.

In a recent meeting with the governmental authorities, National Housing was informed of a sufficiently advanced plan of the government for allocating land for constructing 10,000 low cost flats in a

suburb of Dhaka financed by an Australian Company. While such a plan would be handled and executed entirely by the government and its agencies, it is felt that the local private sector developers in conjunction with National Housing and such other financial institution as are interested, should be given similar facility of land allotment for construction of low-cost flats for the middle-class urban population through commercially viable schemes. The government could thus ensure a good source of supplying home units suitable for the middle-class where (i) the cost of construction is reasonable, (ii) the developers work within reasonable margin of profit and (iii) the allottee-owners have access to long term financing for at least 50% of the cost of the apartments.

National Housing is prepared to work with the government to develop such a scheme for the middle-class where Govt. resources would not be tied up in any way.