

Challenges

- Inflationary shocks on the cost of construction materials and finance market pressures on the affordability of housing and housing finance . challenge the economic and financial bottom lines.
- Lack of low cost matching funds to support the increasing demand of housing finance.
- Regulatory framework does not complimentary the expected pace envisage for the growth of the housing finance market.
- Need of improvement in governance in the process of assuring construction quality and sustainability , since residential mortgages form the largest and longest financial assets class in the economy.
- Housing finance invariably has to be long term to maintain affordability. But long term projection of economic aspect is a challenge.
- Possible change of regulations and fiscal policies in the long run.
- High competition from the big players with more capacities and financial resources.
- Highly restricted scope of operation of the Bank, by the Act of incorporation precludes assets and liability diversification which expose to a high degree of concentration risk.

Opportunities

- Ever increasing market. According to the Ministry of Housing, existing housing backlog is around 650,000 which annually increases with natural demand.
- Housing finance creates multiple positive economic impacts in other sectors to boost the economic growth.
- Creates long term financial assets with ever increasing values, fixed cash flows and averagely low risk weighted.
- Large market potential in the North and East after the war situation
- Large business potential for visionary entrepreneurs
- High potential for FDI inflows to the housing industry which could boost the demand for end buyer housing finance

Risks

- High level of Assets and Liability mismatch exposes to liquidity risk.
- High risk of interest rate mismatch
- Risk on financial assets quality and reliability.
- Lack of long term fixed cost finances also increases the vulnerability of the financial and economic bottom lines.
- Credit Risk due to possible change of fiscal policies