

ANNUAL REPORT 2021

Towards Financial Sustainability



IIDFC

Industrial and Infrastructure Development Finance Company Limited

Financial Solutions Under one Umbrella



Look back

Industrial and Infrastructure Development Finance Company (IIDFC) Limited is a leading Non-Bank Financial Institution (NBFI), promoted by wide array of financial institutions like ten commercial banks, from both public sector and private sector, three insurance companies and Investment Corporation of Bangladesh (ICB). The Board of Directors of IIDFC consists of senior bankers, insurance personalities, successful entrepreneurs and retired civil servants with high professional and academic background having experience in private and public sector operation. The management of IIDFC consists of highly qualified, experienced and competent professionals.

IIDFC was incorporated in Bangladesh on 19 December 2000 as a Public Limited Company. The Company was licensed under the Financial Institutions Act 1993 by Bangladesh Bank on 23 January 2001 and started operation from May 2001. The registered office of the Company is situated at Metropolitan Chamber Building (6th Floor), 122-124, Motijheel C/A, Dhaka, Bangladesh.



CORPORATE PROFILE

Corporate Status

Public Limited Company, incorporated with RJSC under the Companies Act 1994 vide incorporation number C-42115(1474)/2000

Address

Head Office: Metropolitan Chamber Building (6th Floor), 122-124 Motijheel Commercial Area, Dhaka, Bangladesh

Contact Details

PABX: 09611-01-6647; +880-2223-38-2342; +880- 9552185;
FAX: +880-2-9568987, Email: info@iidfc.com
Website: www.iidfc.com, Hotline: 16647

Number of Branches

7(Seven) Branches

Branch Location

Dhaka, Chattogram, Uttara, Gazipur, Keraniganj, Narayanganj and Savar

Major Business Area

SME Finance, Corporate Finance, Structured Finance, Carbon Finance, Home Loan, Auto Loan, Women Entrepreneurship Development, Green Finance, Factoring and Work Order Finance



SUBSIDIARIES OF IIDFC

**IIDFC**

IIDFC Securities Limited

A TREC Holder of Dhaka Stock Exchange Limited

**CORPORATE STATUS:**

Public Limited Company, incorporated with RJSC under the Companies Act 1994 on 28 March 2010 vide incorporation number C-83521/10.

CONTACT DETAILS:

Registered Address: Head Office, located at PFI Tower (3rd Floor), 56-57 Dilkusha C/A Dhaka-1000, Bangladesh.

PABX: +880-2-9560526, FAX: +880-2-9570756

Email: info@iidfcsecurities.com, Website: www.iidfcsecurities.com

**NUMBER OF BRANCHES & EXTENSION OFFICE:**

3 (three) Branches and 1 (one) extension office of Head office.

BRANCH & EXTENSION OFFICE LOCATION:

Dhaka, Chattogram, Gulshan and Nikunja.

MAJOR BUSINESS AREA:

Stock Broker, Stock Dealer and Depository Participant (DP) for dealing of shares and securities, commercial papers, bonds, debentures, debenture stocks, etc.



IIDFC Capital Limited

A full-fledged Merchant Bank

**CORPORATE STATUS:**

Public Limited Company, incorporated with RJSC under the Companies Act 1994 on 30 November 1995 vide incorporation number C-H.C 2097

CONTACT DETAILS:

Registered Address: Head Office located at PFI Tower (3rd Floor), 56-57 Dilkusha C/A Dhaka-1000, Bangladesh.

PABX: +880-2-9514637-8, FAX: +880-2-9514641

Email: icl@iidfc.com, Website: www.iidfccapitaltd.com

**BUSINESS:**

Merchant Banking and Advisory Service

MAJOR BUSINESS AREA:

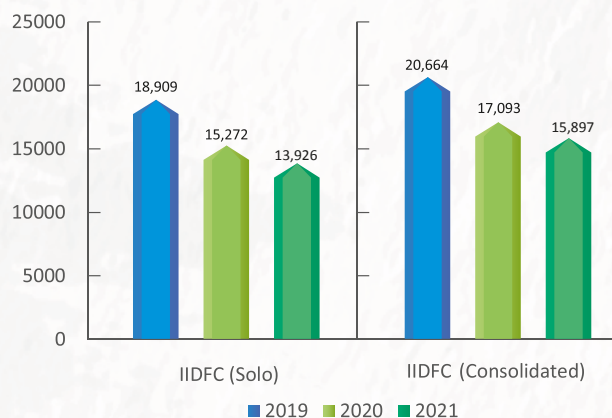
Portfolio Management, Issue Management
Underwriting and Corporate Advisory Service



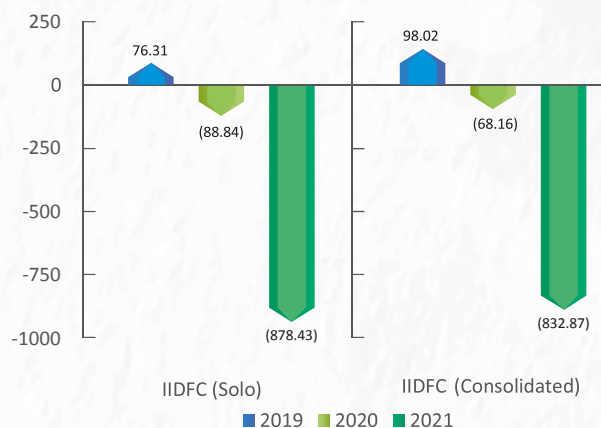


CORE FINANCIAL HIGHLIGHTS

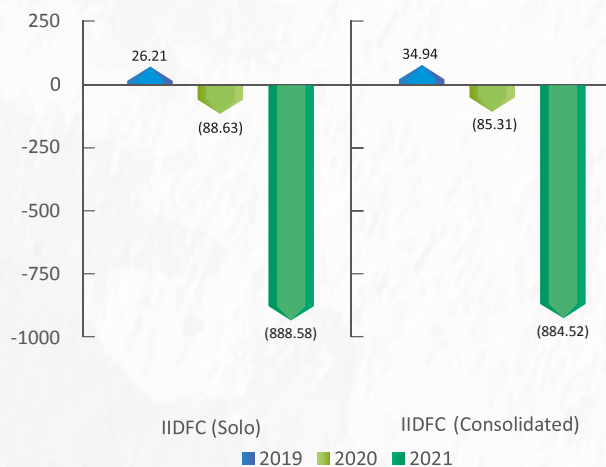
Investment (BDT in Million)
(Loans and Leases)



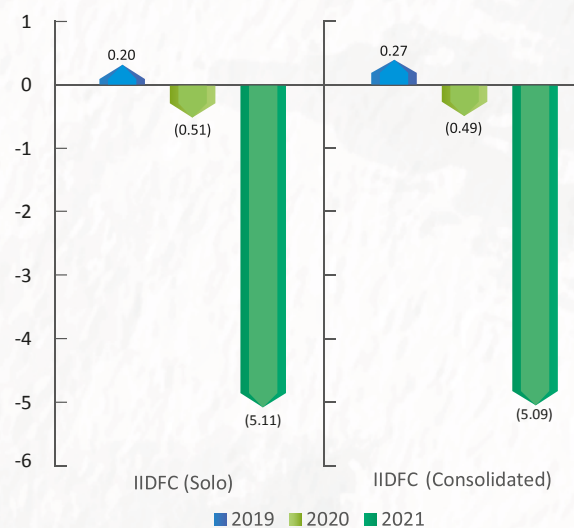
Profit Before Tax (BDT in Million)



Profit After Tax (BDT in Million)



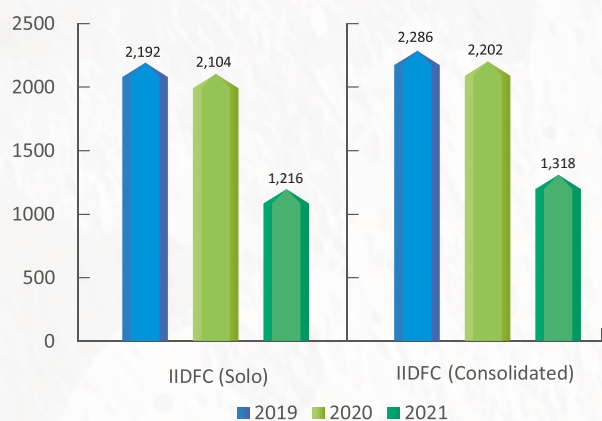
Earnings Per share (BDT)



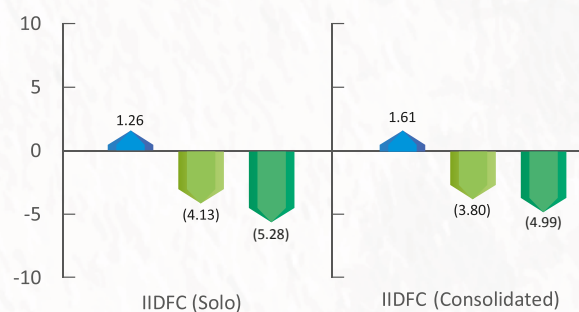
CORE FINANCIAL HIGHLIGHTS



Equity (BDT in Million)



Return on Average Equity (%)



Net Asset Value (NAV) Per Share

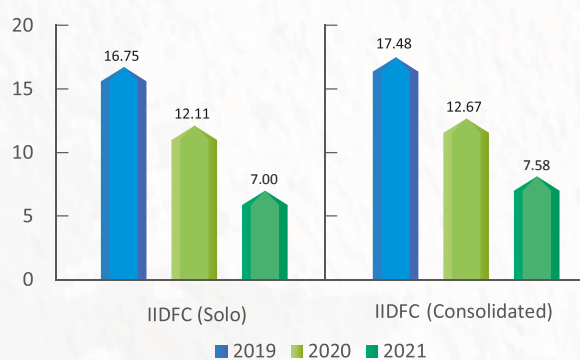


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Notice of the 21st Annual General Meeting

Notice is hereby given to all shareholders of the Company that the 21st Annual General Meeting of Industrial and Infrastructure Development Finance Company Limited will be held on **Wednesday, 21 December 2022 at 11.30 a.m. through video conference (ZOOM)** to discuss the following businesses:

1. To Adopt the Audited Financial Statements for the year ended 31 December 2021 along with Auditors' Report and Directors' Report thereon;
2. To approve dividend for the year 2021;
3. To elect/re-elect Directors of the Company retired by rotation;
4. To appoint auditors for the year 2022 and fixing the remuneration; and
5. To transact any other business with the permission of the Chair.

By order of the Board

Sd/-

Dated, Dhaka
29 November 2022

Lingkon Mondal, FCA
Company Secretary (CC)

NOTES:

1. Members holding shares on the date of the Annual General Meeting will be entitled to the dividend.
2. Any member entitled to attend and vote at the General Meeting may appoint a proxy to attend and vote in his/her behalf. The Proxy Form, duly filled-in and stamped, must be submitted at least 72 hours before the time scheduled for holding the General Meeting at Metropolitan Chamber Building (6th Floor), 122-124 Motijheel C/A, Dhaka-1000.
3. Members are requested to notify change of address, if any, to the Company.

INTEGRATED REPORT

For better understanding of all stakeholders including shareholders, employees, customers, suppliers, business partners, local communities, regulators and policy-makers, we are delighted to publicize “Integrated Report” with the Annual Report 2021 of IIDFC Limited and its fully owned subsidiaries namely IIDFC Securities Limited and IIDFC Capital Limited.

Purpose

IIDFC publishes the report annually. An integrated report is a concise communication about how an organization’s strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value over the short, medium and long-term. The primary purpose of this report is to explain how an organization creates value over time. Therefore, it contains relevant information, both financial and other issues.

Recipient

An integrated report benefits all stakeholders, including shareholders, employees, customers, suppliers, business partners, local communities, regulators and policy-makers, interested in an organization’s ability to create value over time. Integrated reporting is also an important tool in improving the understanding of the relationship between financial and non-financial factors that determine a company’s performance and of how a company creates sustainable value in the longer term.

Range of the report

The report covers the period of one year from 01 January 2021 to 31 December 2021. It includes the primary activities of IIDFC, our business mix, key support areas and subsidiaries’ operations. The report ranges beyond financial reporting and includes non-financial performance, opportunities, risks and outcomes attributable to or associated with our key stakeholders, which have a significant influence on our ability to create value. We also present information relevant to the way we create value for other key stakeholders, including our staff, clients, regulators and society.

Our integrated reporting process, as well as the contents of this report, is guided by the Integrated Reporting Checklist of the Institute of Chartered Accountants of Bangladesh (ICAB) which resemblance with the International Integrated Reporting Council (IIRC)-a global alliance of regulators, investors, companies, standard setters, the accounting professionals and NGOs.

In line with requirements of the following regulators and legislations, we are explaining Company’s operations and financial performance in the Audited Financial Statements for the year ended 31 December 2021:

- i. International Financial Reporting Standard (IFRS)
- ii. Financial Institutions Act 1993
- iii. Defined rules and regulations of Bangladesh Bank
- iv. Securities and Exchange Commission Rules 1987
- v. The Companies Act 1994
- vi. Other applicable laws and regulations prevailing in Bangladesh.

Key concepts

Value creation

Value creation is the consequence of how we apply and leverage our capitals in delivering financial performance and value for all stakeholders while making tradeoffs.

Materiality

We apply the principle of materiality in assessing what information is to be included in our integrated report. This report focuses particularly on those issues, opportunities and challenges that impact materially on IIDFC and its ability to be a sustainable business entity that consistently delivers value to shareholders and our key stakeholders.

Our capitals

Our relevance as a Financial Institution today and in future as well as our ability to create long-term values are interrelated and fundamentally dependent on the forms of capital available to us, how we use them in value adding activities and the value we deliver.



Financial

Our Shareholders' Equity and funding from investors and clients that are used to support our business and operational activities, including credit extension.

Personnel

Our human resources invest their collective knowledge, skills and experience to enable innovative and competitive solutions for our clients.

Infrastructure

Our business structure and operational processes, including our physical and digital infrastructure, our products, as well as our information technology that provides the framework and mechanics of how we do business and create value.

Intellectual Property

Our brand value, research & development, innovation capacity and reputation.

Uniformity and Consistency

In order to draw meaningful conclusions about the trends of IIDFC's financial performance and position over time, we prepared the financial statements for the year 2021 on the same basis as we prepared in the year 2020. We applied same accounting policies, standards and calculating methods consistently from one period to another in order to improve the reliability and relevance of financial statements. We also complied similar accounting policies of the same line of business of the Country.

Outside Assurance Associates of IIDFC

In addition to the internal assurance from management and the Board, we got confidence from the certification of:

- ✓ M M Rahman & Co., Chartered Accountants, for Certification of the Auditors Report of the Financial Statements.
- ✓ FAMES & R, Chartered Accountants, for Certification of both the Auditors Report of the Provident Fund and Gratuity Fund Financial Audit.
- ✓ National Credit Rating Limited for both the Entity Rating and Bond Rating.

Dissemination and Availability of Auditors' Report for the Stakeholders

In compliance with the regulatory requirement, we disseminate Auditors' Report to the Shareholders, Board of Directors, Employees, Government and its Agencies, Depositors, Investors, Suppliers and other Stakeholders both the hard and soft copy, as the case may be, before holding Annual General Meeting. We also make available the soft copies of Financial Statements, both present and past, in our website (www.iidfc.com) for easy access of the Stakeholders.

Management Acknowledgement

The Management acknowledges its responsibility of:-

- i. ensuring the integrity of this integrated report, which in the Management's opinion addresses all the issues that are material to IIDFC;
- ii. applying collective minds to the preparation and presentation of the integrated report for fair presentation of the integrated performance of IIDFC; and
- iii. preparing the contents of this report based on the checklist of the SAFA which resemblance with the IIRC.

CONTINUOUS IMPROVEMENT



PROFILE OF THE COMPANY





VISION OF IIDFC:

"To deliver utmost financial solutions with innovation, creative values and service excellences in order to ensure superior financial performance and maximum stakeholders' value"



MISSION OF IIDFC:

Our competent and motivated team will ensure best financial services with a commitment for:

- ✓ Offering innovative products and services
- ✓ Creating an exciting and stimulating work environment
- ✓ Improving the quality of life in the communities we serve
- ✓ Maintaining high ethical standards, integrity and compliance
- ✓ Optimizing return growth and creating value for shareholders
- ✓ Ensuring synergy by utilizing expertise both from private and public sector
- ✓ Mobilizing private sector resources through large scale project implementation

Business

STRATEGIC BUSINESS OBJECTIVES

Strategic business objectives are statements that indicate critical or important organizational strategy to achieve long term goal. The strategic objectives of IIDFC are as follows:

- To be a fully compliant Financial Institution
- To achieve sustainable and incremental portfolio growth
- To have branch network in major cities of the country
- To maintain high quality portfolio
- To optimize return on investment
- To diversify the portfolio, focusing on SME finance
- To digitize the operation
- To bring professionalism through efficient HR management
- To ensure better working environment
- To ensure adequate capital base as per BASEL requirement
- To strengthen the brand value
- To maximize the return to shareholders

Strategy

CORE VALUES

Core values are the fundamental beliefs of an organization, guiding principles that dictate behavior and help to understand the difference between right and wrong. It also helps a company to determine whether it is in the right path and fulfilling its goals by creating extraordinary customer services. The core values of IIDFC are -

- ▶ Providing extraordinary customer services
- ▶ Offering innovative products/services towards value addition for customer
- ▶ To ensure continuous efforts for innovation
- ▶ Working for stakeholders' value additions
- ▶ Partnering customers for national and industrial growth
- ▶ To ensure full dedication for Total Quality Management
- ▶ Improve and maintain workplace safety
- ▶ To ensure financial sustainability and stable growth
- ▶ To ensure excellent manpower and full utilization of HR
- ▶ To streamline core business processes
- ▶ Striving for full compliance
- ▶ To ensure good corporate culture
- ▶ Ensuring transparency and full disclosure reporting
- ▶ To create a performance-focused culture
- ▶ To ensure efficient resource management
- ▶ To improve productivity with cross-functional teams
- ▶ Investing for employee retention and capacity building
- ▶ To ensure ICT driven operation
- ▶ To diversify the growth opportunity and improve revenue streams



ETHICAL PRINCIPLES

The Ethical Principles of financial institutions are those principles which are intended to be applied in all kinds of affairs relating to customers, shareholders, employees and other stakeholders which assure sustainability of existing reputation and reliability as well as intend to maximize the customer loyalty. The broad ethical principles of IIDFC can be elaborated as -

Principle 1: Competence

Individuals across IIDFC have to develop and maintain the relevant knowledge, skills and behaviour to ensure that their activities are conducted professionally and proficiently. This includes acting with diligence, as well as obtaining, and regularly updating, the appropriate qualifications, training, expertise and practical experience.

Principle 2: Integrity

All concerns across the organization shall be honest and open in all their dealings. This includes behaving in an accountable and trustworthy manner, and avoiding any acts that might damage the reputation or bring discredit to the industry at any time.

Principle 3: Fairness

Organizations and individuals across the Company shall act responsibly and embrace a culture of fairness and transparency. Transparency means that the Company provides the general public and the markets with all relevant information on its strategy, assessments and policy decisions as well as its procedures in an open, clear and timely manner and fairness is to make full disclosure about a product or service before it is provided to the customer.

Principle 4: Confidentiality

Organizations and individuals across IIDFC shall protect the confidentiality and sensitivity of information provided to them. This includes using it for its intended purposes only and not divulging information to any unauthorized persons, including third parties, without the necessary consent from those involved unless disclosure is required by law or regulation.

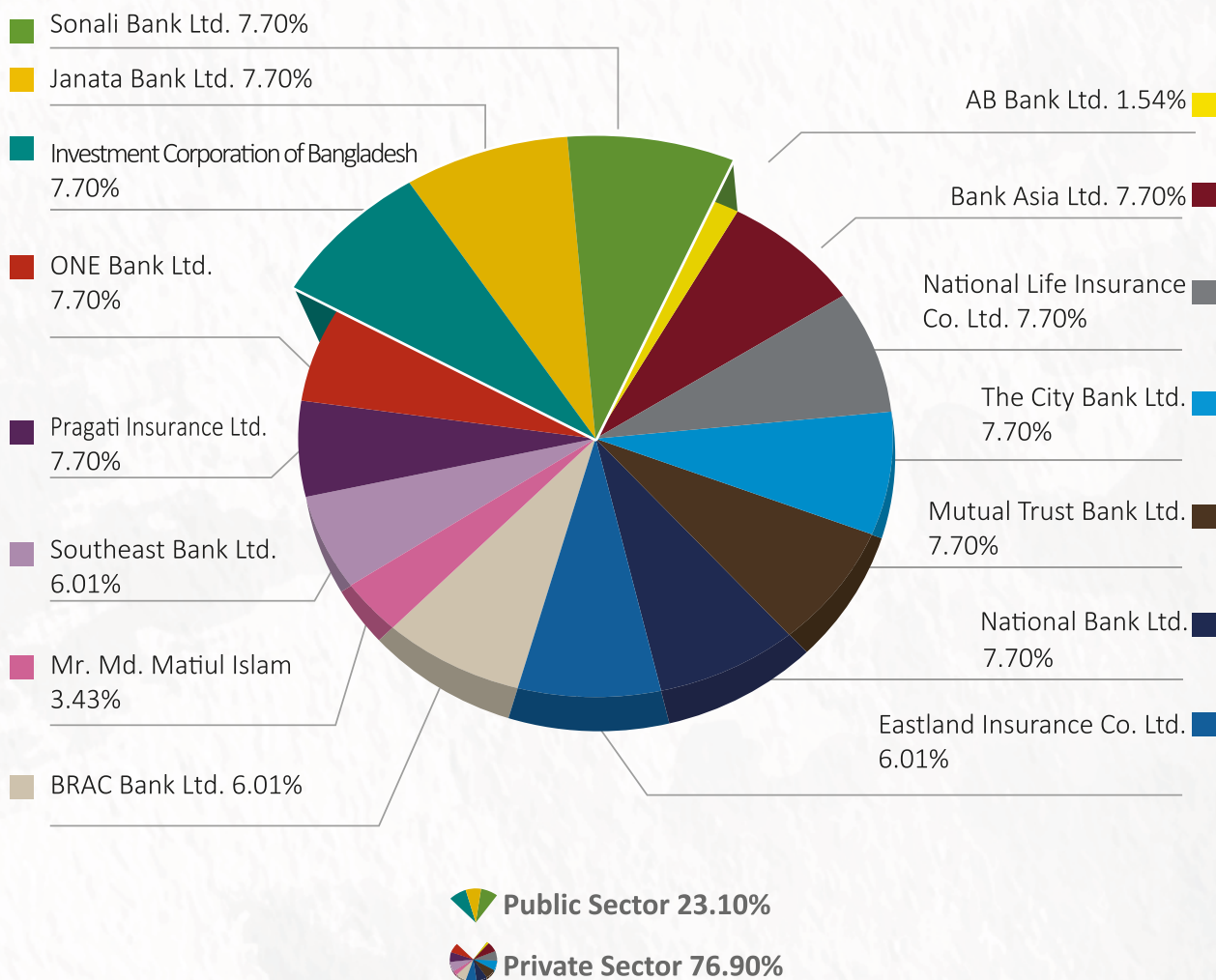
Principle 5: Objectivity

All individuals across the Company shall not allow any conflict of interest, bias or undue influence of others to override their business and professional judgement. They shall declare, to those concerned, all matters that could impair their objectivity.





SHAREHOLDING STRUCTURE



MILESTONE EVENTS

2000	Incorporation with RJSC, Bangladesh.
2001	Issuance of License by Bangladesh Bank as Non-Bank Financial Institution. Commencement of commercial operation.
2003	Launching of first ever Zero Coupon Bond by IIDFC in Bangladesh.
2004	Syndication of 1st commercial loan of BDT 100 crore for BRAC.
2006	Term Loan Syndication for Warid Telecom International Ltd. [BDT 300 Crore] signed in Abu Dhabi.
2008	Opening of 2nd Branch in Chattogram on 28 August 2008.
2009	Commencing operation of Brokerage Services. Signed agreement with the World Bank & Govt. of Denmark for delivery of 250,000 tons of Carbon Emission Reductions (CER) generated by IIDFC's CDM Project for environment-friendly brick manufacturing. Formation of IIDFC Capital Limited. IIDFC's CDM project got recognition at the 15th Global Climate Conference (COP 15) held at Copenhagen, Denmark. Introduction of first ever ACI Convertible Zero Coupon Bond in Bangladesh (BDT 100 Crore).
2010	IIDFC was awarded "HSBC-Daily Star Climate Change Mitigation Award-2010" for developing the best climate change mitigation project in the Country.
2011	Signing of agreement between IIDFC and National Small Industries Corporation Ltd. (NSIC), India for the development of small industries in Bangladesh. Organizing a SME Technology Fair by IIDFC and NSIC on 2011 to accommodate collaboration between SMEs of the two countries. First ever CDM Project in the brick manufacturing sector of Bangladesh got registered with UNFCCC (August 18, 2011) with IIDFC acting as the Bundling Agent and Focal Point.
2012	Signing of a US\$ 6 million loan facility with the Asian Development Bank (November 15, 2012) to improve industrial energy efficiency in 6 different sectors of Bangladesh.
2014	Arranged Term Loan Facility of BDT 1,000.4 million and USD 6.35 million for Fiber @ Home under syndication arrangement, which is first ever World Bank Financing in IT sector through IPFF cell of Bangladesh Bank.
2015	Arranged BDT 3,420.00 million through issuance of 8 (eight) Commercial Papers (both in secured and unsecured mode) for different economic sectors i.e. Textile, Automobile, Steel & Iron and ICT sector. Arrangement of Tier II Capital for Social Islami Bank Limited through issuance of SIBL Mudaraba Subordinated Bond of BDT 3,000.00 million. IIDFC entered into an Agreement (CERPA) with ADB to sell 160,000 tons of Emissions Reduction during 2016-2020 generated by its 2 Energy Efficient Brick Manufacturing CDM projects on 09 April, 2015.
2016	IIDFC became a Participatory Financing Institution in the "PPP Financing Partnership Program" through signing a MoU with "PPP Authority" on November 3, 2016. Opening of 3 rd Branch at Uttara, Dhaka on May 05, 2016. Invited by the World Bank, IIDFC participated in the Carbon Expo 2016 held in Cologne, Germany and showcased the benefits of its Clean Development Mechanism (CDM) Brick Manufacturing project and emphasized on the necessity of large-scale GHG mitigation projects in Bangladesh. IIDFC participated in the BRICS Annual Financial Summit held in Goa, India on October 14-16, 2016 and focused on the scopes of future collaboration between the financial institutions of BRICS member countries.
2017	Opening of 4 th & 5 th Branch at Keraniganj and Gazipur on April 30, 2017 and May 23, 2017 respectively.
2018	IIDFC signed Master Facility Agreement (MFA) with Bangladesh Bank as PFI (Participatory Financial Institution) in IPFF-II (Investment Promotion and Financing Facility II) project. The project is facilitated by Bangladesh Bank and Funded by the World Bank (IDA). Opening of 6 th & 7 th Branch in Narayanganj and Savar on January 28, 2018 and March 27, 2018 respectively.
2019	IIDFC became a financing partner to the syndication facility of BDT 250.00 million under IPFF II raised for Bangladesh Technocity Limited. The Governor of Bangladesh Bank handed over the IPFF II Fund cheque to the Managing Director of IIDFC Ltd.
2020	IIDFC Ltd. successfully arranged IPFF II Fund and Commercial Fund of BDT 3.95 billion jointly with NDB Capital Limited for Meghna Industrial Economic Zone Limited (MIEZL)- the first private sector economic zone under BEZA. IIDFC also participated for BDT 366.98 million in the syndication facility under IPFF.

PRODUCTS AND SERVICES

SME Finance



IIDFC promotes entrepreneurs of cottage, micro, small and medium enterprise sector in manufacturing, trading and service industries through its different products under SME Finance Scheme. The aim is to provide quality services to the entrepreneurs with potential and innovative ideas.

- Term Loan
- Lease Finance
- Women Entrepreneur Finance
- Factoring and Work Order Finance
- Working Capital Loan
- Commercial Vehicle Loan
- Commercial Rental Business Loan (Abashan)
- Commercial Space Loan

Corporate Finance



Under the umbrella of Corporate Finance Department, IIDFC offers a wide range of financial products and services for corporate clients to support the existing industries as well as for promoting new ventures and infrastructure development projects.

- Project Finance
- Lease Finance
- Short Term Loan/Working Capital Loan
- Long Term Loan
- Commercial Auto Loan
- Work Order Finance
- Participation in Syndicated Loan
- Green Finance

Structured Finance



IIDFC's Structured Finance Department leads the syndication market and has acted as Arranger to a number of large syndication facilities. Structured Finance encompasses syndicated fund arrangement including cross-border syndication and other financial advisory services.

- Loan Syndication
- Working Capital Syndication
- Arrangement of Fund through Zero Coupon and Coupon Bearing Bond
- Arrangement of Commercial Paper
- Arrangement of Convertible and Non-convertible Preference Shares
- Corporate advisory service

Consumer Finance



IIDFC provides secured and unsecured consumer loan in the form of home loan, auto loan, loan for household durables and loan against deposit based on the creditworthiness, collateral qualities and other financial parameter of the borrower.

- Home Loan
- Auto Loan
- Loan against Deposit
- Loan for Household Durables

PRODUCTS AND SERVICES

Carbon Finance & Green Finance



IIDFC introduced Carbon Finance, a market based mechanism to support and finance environment friendly technologies and initiatives in the country, back in 2007. It pioneered the introduction of HHK technology in the brick making sector and has been managing 2 (two) emissions trading projects registered with the UN since then. The projects have so far reduced emission of 200,000 tons of CO₂. IIDFC also works with Energy Efficiency, Renewable Energy and Waste Management financing through different specialized funds.

- Clean Development Mechanism (CDM) project preparation, validation, monitoring and verification support
- Emissions Trading
- Energy Efficiency Improvement Consulting
- Green Finance

Deposit Schemes



IIDFC collects fund through term deposit from both individual and institutional investors. It offers attractive returns to the depositors assuring top most security of their money. The depositors are also allowed to take loan against deposits. IIDFC also offers long term savings in the form of Millionaire Savings Scheme (MSS) and Monthly Deposit Scheme (MDS) for different tenure with attractive return at the maturity.

- Monthly Earning Scheme
- Quarterly Earning Scheme
- Half Yearly Earning Scheme
- Yearly Deposit
- Half yearly Deposit
- 2 years and above deposit
- Double Money Program
- Triple Money Program
- Monthly Deposit Scheme
- Millionaire Savings Scheme





DIRECTORS' REPORT

Introduction

1. Dear Shareholders and Stakeholders,
Assalamu 'Alaikum Wa Rahmatullah.

I have the honor to welcome you all at the 21st Annual General Meeting (AGM) of IIDFC Limited. On behalf of the Board of Directors, I want to present to you all, the Audited Financial Statements of the Company for FY 2021 with the following integral components, namely, Balance Sheet as at 31st December 2021, Profit and Loss Account, Cash Flow Statement, Statement of Changes in Equity for the year ended 31st December 2021, Liquidity Statement as on same date and the Auditors' opinion thereon.

Present Economic Challenges

2. Bangladesh, like many other countries, faces global economic challenges. Rising commodity prices and a surge in imports in the second half of FY22 resulted in a widening Balance of Payments (BoP) deficit and accelerating inflation. Net foreign exchange reserves declined as a result, reaching US\$ 26.5 billion by the end of October 2022. Real GDP growth is expected to slow in FY23 as import suppression measures disrupt economic activity. Over the medium term, the balance of payments is projected to return to surplus as import growth moderates.

To achieve the vision of attaining upper middle-income status by 2031, Bangladesh needs to create jobs and employment opportunities through a competitive business environment, increase human capital and build a skilled labor force, build efficient infrastructure, and establish a policy environment that attracts private investment. Development priorities include diversifying exports beyond the RMG sector; deepening the financial sector; making urbanization more sustainable and strengthening public institutions, including fiscal reforms to generate more domestic revenue for development. Addressing infrastructure gaps would accelerate growth. Addressing vulnerability to climate change and natural disasters will help Bangladesh to continue to build resilience to future shocks. Pivoting towards green growth would support the sustainability of development outcomes for the next generation.

Bangladesh registered a GDP growth of 6.9 percent in FY 2021, which is lower than the projected GDP of 7.20 percent in FY 2022. GDP was mainly impacted by COVID-19 post-COVID impact, a long-term lockdown of the total country, higher growth of government borrowing from the banking system, narrowed down sources of credit to the private sector. Besides, the main target of the government during this year was to survive in this volatile economy because of regional war, global economic crisis, higher rate of inflation, higher consumption of country reserve etc.

After having many challenges, Bangladesh has a strong track record of growth and development, even in times of elevated global uncertainty. A robust demographic dividend, strong ready-made garment (RMG) exports, resilient remittance inflows, and stable macroeconomic conditions have supported rapid economic growth over the past two decades. A strong recovery from the COVID-19 pandemic continued in FY22, although a recent surge in commodity prices has presented new headwinds. Bangladesh is also a remarkable story of poverty reduction and development. From being one of the poorest nations at birth in 1971, Bangladesh reached lower-middle income status in 2015. It is on track to graduate from the UN's Least Developed Countries (LDC) list in 2026.

Basic Accounting Principles

3. The basic accounting principles followed in the preparation of the financial statements in 2021 were as follows:

- Income from Lease Finance and Direct Finance are recorded on the accrual method of accounting whereas fee-income of Structured Finance is recognized on cash basis.
- Investment in marketable and non-marketable securities is shown at cost and separate provision made for the diminution of their value.
- The Loans and Advances at gross amount are shown as 'assets' while 'Interest Suspense' and 'Loan Loss Provision' against classified advances are shown as liabilities. Interest Suspense is deducted from interest income and 'Loan Loss Provision' is shown as expenses in the Profit and Loss Account.
- The financial statements of the Company and its subsidiaries have been consolidated in accordance with Bangladesh Financial Reporting Standards.
- The contingent liabilities of Letters of Guarantee and LC commitments have been shown as Off-Balance Sheet items.

Important observations of the Auditors

4. The Auditors' Report is unqualified. Some of their important opinions are as follows:

- The Company maintained a total provision of TK. 1,469,631,110 against loans and advances till 31 December 2021. A back-log of non-performing loans and advances identified in 2020 were also needed to be provided. As a result, a total TK. 189.00 crore were required to be kept as additional provision and interest suspense for wiping out this back-log for which Bangladesh Bank approved a five-year plan. Accordingly, IIDFC kept TK. 58.36 crore of provision in 2021 including Bangladesh Bank allocated provision and provision for newly classified loans and advances during 2021. The details of the provision and interest suspense have been presented in note-13 in the "Notes to the Financial Statements" section of the annual report.

Other important points mentioned by auditors:

- the expenditures incurred and payments made were for the purpose of the Company's business for the year.
- the Company has complied with relevant laws pertaining to capital, reserve, and net worth, cash and liquid assets and procedure for sanctioning and disbursing loans/leases found satisfactory.
- auditors have reviewed over 80 percent of risk weighted assets of the Company and have spent around 1362 man-hours for the audit of the books and accounts of the Company.
- the internal control and the compliance of the Company is satisfactory, and effective measures have been taken to prevent possible material fraud, forgery and internal policies are being followed appropriately.



- proper measures have been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank and the instructions which were issued by Bangladesh Bank and other regulatory authorities have been complied properly as disclosed.
- all other issues which are important for the stakeholders of the Company have been adequately disclosed in the audit report.

Overall Performance of IIDFC

5. IIDFC's core portfolio in loans and advances considerably decreased by 8.82% to Tk. 1,392.61 crore in 2021 as against Tk. 1,527.24 crore in 2020. Operating Profit was Tk. (29.49) crore in 2021 compared to Tk. (1.87) crore in 2020, and Profit after tax was Tk. (88.86) crore in 2021 as against Tk. (8.86) crore in 2020, mainly for maintaining additional provision for loans and advances along with additional interest suspense as per Bangladesh Bank guideline, reducing the total loan portfolio as well as interest earning assets, increasing the new classified loans and advances etc. As a result, earnings per share (EPS) reduced to Tk. (5.11) in 2021 from Tk. (0.51) in 2020.
6. The Company's Consolidated Profit before Provisioning and Tax was Tk. (24.85) crore in 2021 as against Tk. 0.27 crore in 2020; and Consolidated Profit after Provisioning and Tax was Tk. (88.45) crore in 2021 as against Tk. (8.53) crore in 2020.

Portfolio of Corporate Finance Department

7. The total disbursement by the Corporate Finance Department in 2021 was Tk. 75.73 crore and at the end of the year, the corporate portfolio stood at Tk. 577.98 crore which is a decrease of Tk.148.50 crore and 20.44 percent compared to the portfolio of previous year. The department's loss of business resulted in reduction of the overall portfolio of IIDFC as this department is the largest contributor to the company's revenue with a share of 41.50 percent of the total business portfolio of IIDFC Ltd.
8. GoB's decision to start the process of curbing the lending rates of the banks to a maximum 9.00 percent p.a. provided the corporate houses with added leverage to bargain for lower interest rates. There were opportunities for providing corporate loans to corporate clients with weaker financial bases, but the department decided to put emphasis on credit worthiness, business reputation and financial strength of the clients to solidify the quality of the portfolio. Besides, the Company's focus was shifted to the recovery from non-performing loans and advances instead of disbursing new loans and advances in this volatile market.

Portfolio of SME Finance Department

9. In 2021, the total disbursement of the SME Department was Tk. 98.43 crore which was Tk. 19.01 crore in 2020. Although total SME disbursement experienced an increase by Tk. 79.42 crore with a higher percentage, the total SME portfolio was decreased by Tk. 19.14 crore during the year 2021 because of repayment by borrowers and continuation of extensive recovery drive. At the end of 2021, the total SME portfolio stood at Tk. 529.55 crore as compared to Tk. 548.69 crore in 2020.

Portfolio of Structured Finance Department

10. The total disbursement of the Structured Finance Department in 2021 was Tk. 29.55 crore as against Tk. 36.69 crore in 2020. The total portfolio of the department stood at Tk. 277.82 crore at the end of 2021 as against Tk. 245.54 crore in 2020. As most of the big business houses refrained from making large investments, scope for arranging syndication for large financing requirements was rather low. The department was successful in landing syndication deals, relating to funds for Summit Communications Limited.

Challenges of Treasury Department

11. The year 2021 was an especially challenging year for treasury management as the competition was overwhelming. Even then, the Treasury Department tried to manage and fulfill its obligations and meet up all its commitments in a timely manner. The dependency on bank borrowing was Tk 515.01 crore on 31 December 2021 as against Tk. 552.21 crore on 31 December 2020 which was a reduction of Tk. 37.20 crore or 6.74 percent compared to previous year. The deposits on 31 December 2021 stood at Tk. 906.46 crore against Tk. 1021.39 crore on 31 December 2020.

Function of Carbon Finance

12. IIDFC has been supervising its Clean Development Mechanism (CDM) projects titled "Improving Kiln Efficiency in the Brick Making Industry in Bangladesh" under UNFCCC since 2011 successfully. These projects have 5 (Five) operational HHK Brick Manufacturing Units in the different geographic locations of Bangladesh. These units have achieved 65,603 Carbon Emission Reduction (CER) units from January 2018- March 2020. 1 CER unit is equivalent to 1-ton CO₂ Emission Reduction. These CER units are committed to the Asian Development Bank (ADB) under Certified Emission Reduction Purchase Agreement (CERPA) with IIDFC in exchange of valuable foreign currency. The certification process has been completed and the CER units have been issued by UNFCCC.

IIDFC Securities Limited

13. IIDFC Securities Limited, subsidiary of IIDFC, had an operating income of Tk. 27.69 crore in 2021 of which Tk. 17.07 crore was from Brokerage Commission, Tk. 3.13 crore from net interest income and Tk. 6.46 crore income from investment. The Average daily turnover in customers' account was Tk. 24.86 crore as compared to Tk. 12.56 crore in the preceding year. Percentage of trade volume during the year was 1.63% of DSE's total trade volume as against 1.94% of DSE's total trade volume in the preceding year.

IIDFC Capital Limited

14. The other subsidiary, IIDFC Capital Limited recorded net interest income of Tk. 1.32 crore; income from merchant banking services was Tk. 1.27 crore; income from investment was Tk. 2.59 crore & Other Income was Tk. 5.37 lacs; i.e. a total income of Tk. 5.23 crore as against total operating expenses of Tk. 4.76 crore. The Company's net profit before tax in 2021 was Tk. 47.26 lacs as against the net profit before tax of Tk. 29.23 lacs in 2020.

Human Resources

15. The Company has 142 employees as of December 2021, a growth of eight from the previous year. Despite the resignations of 15 executives from the Operations, CRM, SME, SAM, ICC Department, etc., the number of employees increases as a result of the new hiring of 29 executives in a variety of positions in 2021. Apart from following a comprehensive recruitment policy for identifying the best among the available candidates, we allow our employees to participate in the training programs offered by Bangladesh Bank, Bangladesh Bank Training Academy, Financial Excellence Limited, BIBM, Infrastructure Development Company Limited (IDCOL), INTIMATE, BIAC, ICAB, ACTIVA, ICB. To advance their professional skill and knowledge in 2021, up to 90 staff members took part in various training programs, workshops, conferences, discussion meetings, and seminars.

Credit Rating

16. IIDFC's credit rating indicates its financial strength over the long term as well as the short term period. As per the credit rating report prepared by National Credit Ratings Limited (NCRL), IIDFC's long term credit rating is AA (Double AA) which indicates the company's very strong capacity for timely serving to meet its financial obligations and the low risk associated with this company. The Short-Term Rating is ST-1 which indicates strong capacity for timely serving of financial commitment. The summary of IIDFC's credit ratings for the year 2021 & 2020 is given below:

SURVEILLANCE ENTITY RATING-2021		
Date of Rating Declaration	Long Term	Short Term
January 13, 2022	AA (Double A)	ST-1
Outlook	Developing	
Validity	January 12, 2023	
SURVEILLANCE ENTITY RATING-2020		
Date of Rating Declaration	Long Term	Short Term
November 26, 2020	AA+ (Double A Plus)	ST-1

Shareholders' Equity

17. The Shareholders' Equity, stood at Tk. 121.56 crore as on December 31, 2021, which was Tk. 210.42 crore on December 31, 2020. The Consolidated Shareholders' Equity, which was Tk. 220.20 crore on December 31, 2020, stood at Tk. 131.75 crore as on December 31, 2021. The Capital Adequacy Ratio stands at 9.08% which is lower than the target set by the Bangladesh Bank at 10.00 percent for NBFIs.

Comparative Financials

18. The summary of the non-consolidated key financials of the Company as on December 31, 2021, as compared to December 31, 2020 are as follows:

Particulars	2021	2020
Profit before provision & tax	(294,871,996)	(18,690,787)
Less: Provision for Loans and Advances	583,556,043	70,150,880
Less: Provision for tax	10,153,765	(211,202)
Profit after provision & tax	(888,581,804)	(88,630,465)
Add: Retained earnings brought forward	(56,359,124)	32,271,341
Profit available for appropriation	(944,940,927)	(56,359,124)
Less: Appropriations:	-	-
Total Appropriations	-	-
Profit available for dividend distribution	(944,940,927)	(56,359,124)

Proposed Dividend

19. As there was no distributable profit at the year end, the Board did not recommend any dividend for the year 2021.
20. By operation of Article 99 of the Company's Articles of Association, the representative Directors of the following Companies shall stand retired from office at this 21st Annual General Meeting:

Serial	Name	Nominated by
01	Mr. Syed Mahbubur Rahman	Mutual Trust Bank Ltd.
02	Mr. Md. Abdus Salam Azad	Janata Bank Ltd.
03	Mr. Md. Abul Hossain	ICB
04	Mr. Abu Zafare Md. Saleh	ONE Bank Ltd.
05	Mr. Syed M. Altaf Hussain	Pragati Insurance Ltd.

All the above Directors are eligible for re-election and have expressed their interest for being re-elected as Directors. The Board may recommend for their re-appointment as Directors. The issue may be placed before the AGM for necessary approval.

Appointment of Auditors'

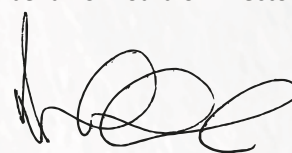
21. The Company's existing Auditors, M/s. M M Rahman & Co., Chartered Accountants shall retire at the forthcoming Annual General Meeting. Being eligible for re-appointment, they have expressed their interest in re-appointment for the year 2022. The Board recommended the reappointment of M/s. M. M. Rahman & Co., Chartered Accountants for the year 2022 on the existing terms and fee of BDT 400,000.00 (excluding VAT) only subject to approval of Bangladesh Bank and AGM.

Appreciation

22. The Directors would like to express their gratitude to the esteemed shareholders, valued clients, the Bangladesh Bank, the Bangladesh Securities and Exchange Commission, the National Board of Revenue, the Registrar of Joint Stock Companies, the Dhaka Stock Exchange and other regulatory bodies for the co-operation extended to the Company during the year. The Directors also express their appreciation of the dedication and hard work of the management team and other staff members of the Company.

Thank you,

On behalf of Board of Directors



Syed Mahbubur Rahman
Chairman



From the Desk of **Managing Director**

Dear Shareholders and Stakeholders

IIDFC experienced a tremendous challenging period throughout the year 2021. The COVID-19 global pandemic had severely impacted the businesses of all players in the financial sector. However, despite having adverse circumstances arising out of the continued global pandemic, IIDFC found its path of continued value creation for all stakeholders.

Throughout the year 2021, as the factories could not operate its production level in full swing due to partial lockdown, shortage of raw materials and disruption in supply chain, the business houses could not generate adequate cash flow for their survival. Considering the ongoing crisis in production level, Bangladesh Bank had offered deferral facilities to the borrowers. Consequently, like other financial institutes, IIDFC could not realize its receivables from the borrowers in satisfactory level.

To strengthen the foundation of the business and safeguard from future uncertainties, IIDFC had taken provision of Tk. 146.96 crore till the year 2021 as part of its five years' plan of absorbing the unabsorbed provision as per approval from Bangladesh Bank.

It was anticipated that the adverse impact of pandemic will continue in coming days. Considering the overall economic challenges, the management of the company emphasized on doing business cautiously to maintain a healthy portfolio.

Now, I have the honor and pleasure to present to you the Annual Report for the year ended December 31, 2021.

Global Economy

The unprecedented Covid-19 has been causing devastation on economic activities over the last two years. Resurgence of infections, being called the second wave of Covid-19, coupled with supply disruption, inflationary pressure and global financial crisis caused the temporary loss of momentum in economic recovery.

In later part of the year 2021, global economy was gaining momentum at a moderate pace as the coverage of vaccination program increased substantially and pandemic situation was managed more effectively.

In 2021 global economy grew by 5.5%. All countries, especially emerging market economies, is expected to be shaken further by the tightening of global financial crisis, elevated inflation and geopolitical tensions. Due to all these adverse factors, global economic growth in 2022 may shrink to roughly 4.4%.

Prospects for emerging market and developing economies have been marked down for next couple of years, especially for Emerging Asian countries.

Despite having severe tensions globally, the increased coverage of vaccination program and restoration of production has raised a hope of turnaround in the declining global economy.

Economy of Bangladesh

Being one of the fastest growing economies in the world, Bangladesh has experienced slight improvement in terms of economic growth, supported by ready-made garments (RMG) exports and foreign remittance. As the local restrictions arising due to Covid-19 was eased in the second half of year 2021 and production level at factory started to escalate, many economic indicators exhibited improvement from their pre-pandemic levels, thanks to further enhancement of vaccination coverage. At second half of the year 2021, business sector started gaining confidence, supported by slight increase of credit growth due to inclusion of stimulus packages. However, contrary to economic recovery, rising NPLs (Non-performing loans) in the banking sector has been a burning issue.

Challenges

As the pandemic situation starts disappearing, the local economy is rebounding with slow pace. To accelerate the economic growth, a number of challenges need to be addressed with caution. It is evident that COVID-19 pandemic not only decelerated economic growth in the first half of the year 2021, but also it slowed down the pace of poverty reduction, reduced the export proceed and weakened the remittance inflow. However, in later part of the year, the economy started recovering gradually, backed by remittance inflows and a rebound in export market.

To enable the full resumption of economic activities and materialize the dream of achieving the status of developing country, Govt should enhance the coverage of vaccination program throughout the country in order to contain the spread of virus.

Policy level support from the Government, creating adequate employment opportunities for the unemployed labor force and development of infrastructure facility throughout the country must be ensured to have a sustainable economy. In addition to those initiatives, Govt should attempt to diversify the export market and encourage the foreign workers to remit their wages to the home country in legal way.

Vulnerability to climate change as well as its impact on natural disasters must also be addressed with care to absorb the future shock. Green financing may be encouraged more to have a sustainable world.

IIDFC's Performance

IIDFC's Revenue from interest in 2021 was Tk. 100.61 crore compared to Tk. 195.15 crore in 2020. The net interest income after deduction of Cost of Fund experienced negative balance of Tk. 18.37 crore in 2021.

The business portfolio of the company decreased to Tk. 1,392.61 crore in 2021 from Tk. 1,527.24 crore in 2020. The Company's consolidated operating income stood at Tk. 29.32 crore at the end of 2021 from Tk. 36.34 crore in 2020. The Company's non-consolidated operating income stood at negative balance of Tk. 3.60 crore in 2021.

IIDFC's Consolidated Loss before Provision and Tax was Tk. 24.85 crore in 2021 and Loss after tax was Tk. 88.45 crore in 2021. IIDFC's Non-Consolidated Loss before Provision and Tax was Tk. 29.49 crore in 2021 and Loss after tax was Tk. 88.86 crore in 2021 as against Tk. 8.86 crore in 2020.

Concluding Remarks

Due to global pandemic impact and its subsequent economic shock, IIDFC, like many other financial institutions, faced a challenging time throughout the year 2021. However, despite having such adverse situation, IIDFC managed to persist due to its prudent strategies and decisions. We believe the global pandemic situation not only impacted the overall business environment severely, but also created new opportunities for the financial sector.

I would like to extend my appreciation and gratitude to the honorable Chairman and respected members of the Board of Directors for their continued support and guidance. I am deeply indebted to the officials of regulatory bodies for their prudent guidance. Finally, I would like to thank all our valued stakeholders as well as my colleagues for their sincere support throughout the journey.



Md. Golam Sarwar Bhuiyan
Managing Director



BRIEF PROFILE OF THE DIRECTORS



BRIEF PROFILE OF THE **DIRECTORS**

Mr. Syed Mahbubur Rahman

Chairman, IIDFC Limited

Managing Director & CEO, Mutual Trust Bank Limited



Mr. Syed Mahbubur Rahman is the Managing Director & CEO of Mutual Trust Bank Limited (MTB). Prior to joining MTB, he was the Managing Director & CEO of Dhaka Bank Limited. Before joining Dhaka Bank Limited, he served BRAC Bank Limited as Managing Director & CEO and Deputy Managing Director (DMD). He also served Prime Bank Limited as Deputy Managing Director. He was accorded with 'The Asian Banker Leadership Achievement Award' for Bangladesh for his achievement in the period from 2011 to 2013.

He serves as Chairman of Industrial and Infrastructure Development Finance Company Limited (IIDFC), Vice Chairman of Primary Dealers Bangladesh Limited (PDBL), Director of Life Insurance Corporation (LIC) of Bangladesh Limited, Director of BD Ventures Limited, Vice Chairman of Prothom Alo Trust and Trustee Treasurer of the CSR Centre. He served as Chairman of the Association of Bankers, Bangladesh Limited (ABB) during 2018-2019.

After completing Master of Business Administration (MBA) from Institute of Business Administration of the University of Dhaka, he started his career with Saudi-Bangladesh Industrial & Agricultural Investment Co. Ltd. (SABINCO) as a Monitoring Officer (Officer in Charge of Monitoring) in 1988. He served Industrial Leasing & Development Co. (BD) Limited (IDLC) as Manager, Monitoring from 1993 to 1996. He also served ANZ Grindlays Bank, Bangladesh as Manager, Corporate Banking from 1996 to 1998 and Standard Chartered Bank as Relationship Manager, Corporate Banking from 1998 to 2000. In 2002, he joined Citibank N.A. as Resident Vice President and left the bank in 2008 when he was a Director of the bank and was serving as the Head of Financial Institutions Group.

Mahbub has attended various local and overseas training courses and workshops, and frequently delivers lectures in the field of finance, banking and management. He has a happy family with his wife and two lovely daughters.

BRIEF PROFILE OF THE **DIRECTORS**

Mr. Selim R. F. Hussain

Vice Chairman, IIDFC Limited

Managing Director & CEO, BRAC Bank Limited



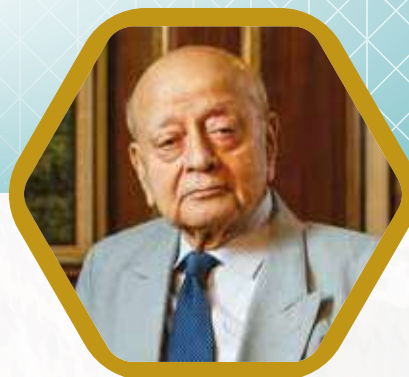
Selim R. F. Hussain is a Bangladeshi career banker with over 35 years of diversified local and international banking experience. Selim is currently heading BRAC Bank, one of the country's leading full service commercial banks, with an asset base of approx. USD five billion, and one that is known for its particular focus on the SME segment.

Selim joined BRAC Bank in November 2015, and within a relatively short period, has led the bank to the top tier of the 60 odd scheduled banks in Bangladesh. He has been elected Chairman of the Association of Bankers, Bangladesh Ltd. for the period 2022-2023. He is a member of the Governing Board of the SME Foundation in Bangladesh, an apex semi-government institution spearheading SME development. He is a member of the Governing Board of the Financial Alliance for Women, an international network of financial institutions dedicated to championing the female economy. Selim is also on the Board of the Global Alliance for Banking on Values (GABV) - an international network of banks that use finance to serve people and the planet.

Selim also represents BRAC Bank in multiple BRAC Bank subsidiaries through board directorship – at BRAC EPL Investments Ltd, BRAC EPL Stock Brokerage Ltd., BRAC Saajan Exchange Ltd. and BRAC IT Services Ltd. He is Chairman of the Board Audit Committee of bKash, Bangladesh's largest mobile financial service company, and is also the Vice-Chairman of the Industrial Infra-structure Development Finance Company (IIDFC), a non-banking finance company.

BRIEF PROFILE OF THE **DIRECTORS**

Mr. Md. Matiul Islam, FCA
Director, IIDFC Limited



Mr. Md. Matiul Islam, widely known amongst his friends and colleagues as the “Doyen of Banking” started his service career, at the age of 22, in the Civil Service of Pakistan in 1952 and retired in 1993 after 41 years of active service of which 17 years were in the Government of Pakistan, 2 years in the private sector in Pakistan, 6 years in the Government of Bangladesh as Secretary, Ministry of Finance and Industry and the rest 16 years in the World Bank and UNIDO. He piloted the entry of Bangladesh in IMF, World Bank and the ADB as a member. In the World Bank he represented the Government of Bangladesh in the Executive Board as an Alternate Executive Director and in UNIDO in Vienna, he was the Head of World Bank-UNIDO Cooperative Programme and was UNIDO’s Country Director in New Delhi for around 6 years.

Since mid-90s and until today, he has been actively associated with the private sector in Bangladesh. He was instrumental in promoting a number of financial institutions including a commercial bank, namely, Arab Bangladesh Bank, International Leasing and Financial Services Ltd., National Housing and Investment Ltd. & Industrial and Infrastructure Development Finance Company (IIDFC) Ltd. He also promoted Credit Rating Agency of Bangladesh (CRAB). His accomplishment in the private sector in Bangladesh earned him The DHL– Daily Star “Lifetime Achievement Award” and such titles as a Legend and Role Model from his peers.

Mr. Islam completed his B.Com from Dhaka University securing First Class First and Masters in Public Administration from Harvard University, USA. He is also a Fellow of the Institute of Chartered Accountants of Bangladesh. Mr. Islam is currently the Chairman of the Financial Institutions’ Promoters’ Association (FIPA) and Chairman of the Board of Trustees of the Bangladesh Institute of Governance and Management (formerly Civil Service College), Agargaon, Dhaka.

BRIEF PROFILE OF THE **DIRECTORS**

Mr. Md. Afzal Karim

Director, IIDFC Limited

CEO & Managing Director, Sonali Bank Limited



Md. Afzal Karim joined Sonali Bank Limited as Chief Executive Officer and Managing Director on 28 August, 2022. Prior to this appointment, he was the Managing Director of Bangladesh House Building Finance Corporation (BHBFC) and Deputy Managing Director of Sonali Bank Limited.

Previously he discharged various duties and performed important tasks as Deputy Managing Director and General Manager in various departments and offices of Bangladesh Krishi Bank. He was awarded the Integrity Award of Bangladesh Krishi Bank for 2018-19 financial year in recognition of his honesty and efficiency.

Mr. Afzal started his career as Senior Principal Officer in 1995 in BHBFC and also served as the Deputy General Manager and General Manager with the responsibilities of various departments. Before joining Bangladesh House Building Finance Corporation, he served in the Sena Kallyan Sangstha, a Multinational Company and Bangladesh Tea Board as Project Head and Assistant Manager respectively.

Mr. Afzal was born in an aristocratic Muslim family in Mehendiganj upazila of Barishal. He obtained BSc in Engineering (Mechanical) from Khulna University of Engineering and Technology (KUET), a Diploma in Post Graduate in Institute of Management in Bangladesh and an MBA (major in Finance and Banking).

He participated in various training courses, seminars and workshops on banking activities held at home and abroad and travelled to various countries in his long banking career.

BRIEF PROFILE OF THE **DIRECTORS**

Mr. Md. Abdus Salam Azad FF

Director, IIDFC Limited

CEO & Managing Director, Janata Bank Limited



Mr. Md. Abdus Salam Azad, a freedom fighter, joined as CEO & Managing Director of Janata Bank Limited on December 05, 2017. Prior to his joining as a CEO & Managing Director, he was Deputy Managing Director who also held the current charge of CEO & MD of this bank. He also served as Deputy Managing Director of Bangladesh Krishi Bank.

Mr. Azad, son of late Ansar Ali and late Shurja Banu Nesa, hails from Char Nabipur under Sirajganj District and was born on April 30, 1958. After completion of Master's in English Language & Literature from the University of Rajshahi in 1981 (held in 1983), he began his banking career as Senior Officer in Janata Bank in 1983.

During his long 37 years' journey in the banking industry, Mr. Azad held the managerial post for 27 years from the grass root level to executive level. His resplendent banking career covered all the arenas of banking activities. He is a well-reputed, progressive, dynamic and a visionary banker. Presently, he is the Chairman of Investment Corporation of Bangladesh (ICB) Audit Committee and Janata Exchange Company Srl (JEC), Italy. Besides, he is also the director of the Board of ICB, Padma Bank Limited, Janata Capital & Investment Limited (JCIL), Janata Exchange Company Inc (JEC), USA, Primary Dealers Bangladesh Limited (PDBL) and member of the Governing Board of Bangladesh Institute of Bank Management (BIBM), Institute of Bankers Bangladesh (IBB) and Executive Committee- SWIFT User Group of Bangladesh.

Mr. Azad is a Diplomaed Associate of the Institute of Bankers' Bangladesh. He has undergone extensive training programmes at home and abroad and visited Italy, Kingdom of Saudia Arabia, United Arab Emirates, Singapore, Malaysia and Thailand.

He participated in our glorious Liberation War in 1971 as a valiant freedom fighter after successful completion of the training programme in India for that purpose.

Mr. Azad is married to Mrs. Khaleda Mustary who is a housewife. They are blessed with a daughter, Sal Sabil Sahmi and a son, Shakir Ayman Azad.

BRIEF PROFILE OF THE **DIRECTORS**

Mr. Md. Abul Hossain
Director, IIDFC Limited
Managing Director, ICB



Mr. Abul Hossain has been serving as the Managing Director of Investment Corporation of Bangladesh since 21 August 2019, the core public sector investment bank of the country. Mr. Hossain has more than 31 years of diversified experience in investment banking, specialized and commercial banking, Islamic banking, Asset management and ICT works. He started his career as a System Analyst/Senior Principal Officer of ICB in 1998 and served in different positions in the same organization. Prior to his joining in ICB, he acted as the Managing Director of Karmasangsthan Bank. He also served as the Managing Director (Additional Charge) and Deputy Managing Director of Bangladesh Krishi Bank.

Currently, he is contributing his professional expertise as a Board member of British American Tobacco Bangladesh Co. Ltd. (BATBC), Unilever Consumer Care Limited (UNILEVERCL), Standard Bank Limited, National Tea Company Limited (NTC), Apex Tannery Limited, United Power Generation & Distribution Company Limited (UPGDCL), Apex Footwear Limited, Heidelberg Cement Bangladesh Limited and Padma Bank Limited. In addition to perform his professional duties, Mr. Hossain is actively involved in different philanthropic activities of various national, social, cultural, religious and volunteer organizations.

Mr. Md. Mehmood Husain
Director, IIDFC Limited
Managing Director, National Bank Limited



Mr. Md. Mehmood Husain is the Managing Director and CEO of National Bank Limited. He is a seasoned banker with over 36 years' experience; held different senior positions in different private sector banks in Bangladesh.

Mr. Md. Mehmood Husain previously served as Managing Director & CEO of NRB Bank and President & Managing Director of Bank Asia Limited. Prior to taking up the CEO role, Mr. Husain successfully accomplished the roles of Additional Managing Director and Chief Business Officer at Prime Bank. He has also served as the independent director of LankaBangla Finance Limited and LankaBangla Securities Limited and the Chairman of LankaBangla Asset Management Company Limited.

Mr. Husain started his banking career in 1984 as a probationary officer with National Bank Limited and held important positions in various divisions including branch manager. He did his graduation and post-graduation in Economics from the University of Dhaka.

Mr. Husain has participated in many professional trainings, workshops and seminars at home and abroad including training in strategy, leadership and corporate governance in world class universities and business schools. He is a life member of the Association of Bankers Bangladesh and Bangladesh Economic Association.



BRIEF PROFILE OF THE **DIRECTORS**

Mr. Sheikh Mohammad Maroof

Director, IIDFC Limited
AMD & Chief Business Officer, The City Bank Limited



Sheikh Mohammad Maroof is the Additional Managing Director and Chief Business Officer of City Bank Limited. He has an extensive experience of over 25 years in the Banking industry. He started his career with American Express Bank, Bangladesh, as a Management Trainee in 1995. He also worked as the Director and Head of Treasury and FMS in American Express Bank, Bangladesh. Prior to joining City Bank, He worked for Eastern Bank Limited as the Head of Treasury from 2005 to 2007. He is also a Director of City Brokerage Limited, City Bank Capital Resources Limited & Venture Investment Partners Bangladesh Ltd. (VIPB). Mohammad Maroof has a post-graduate degree (Masters in Commerce) in Finance from University of Dhaka.

Mr. Abu Zafore Md. Saleh

Director, IIDFC Limited
Additional Managing Director, ONE Bank Limited



Mr. Abu Zafore Md. Saleh joined as Additional Managing Director of ONE Bank Limited (OBL) on November 21, 2021. Prior to joining OBL, he was the Managing Director & CEO of Islamic Finance and Investment Limited (IFIL). Before joining IFIL, he served NCC Bank Limited as the Deputy Managing Director (DMD).

Mr. Saleh has a long, illustrious and distinctive banking career spanning more than 35 years, 20 years of which as head of several divisions with senior level positions. After completing BSS (Hon's) and MSS in Economics he started his career with Agrani Bank in 1986 as a Probationary Officer through BRC-1984. He flourished his banking career mainly with Prime Bank, Dutch-Bangla Bank, ONE Bank and later with NCC Bank Limited. In his long career, Mr. Saleh worked at various responsible positions including Branch Manager, Head of HR & Training, Head of Corporate Business, Head of SME, Head of Retail Banking, CAMLCO and also supervised CRM, SAMD, ID & FI Division, NRB & Foreign Remittance Division, Marketing & Branches Division, Card Division, PR & Brand Management Department etc.

Mr. Saleh is currently holding the position of Treasurer of Bangladesh Economic Association (BEA). He is the former Vice Chairman of Bangladesh Leasing and Finance Companies Association (BLFCA). He was also the Past President of Rotary Club of Dhaka North East.

He has completed LL.B in the year 1998, Post Graduate Diploma in Financial Management (PGDFM) from Bangladesh Institute of Management (Former BMDC) and also passed Banking Diploma Examination Part-I and Part-II in the year 1987 and 1989 respectively from the Institute of Bankers, Bangladesh (IBB).

BRIEF PROFILE OF THE **DIRECTORS**

Mr. Md. Sazzad Hossain
Director, IIDFC Limited
Deputy Managing Director, Bank Asia Limited



Mr. Md. Sazzad Hossain having experience of more than three decades started his banking career way back in 1987 as a Probationary Officer in Pubali Bank, Bangladesh. He has been involved in various leadership roles through understanding of banking procedures along with comprehensive understanding of industry and regulatory laws and regulations. He has acquired expertise in corporate and commercial banking, marketing knowledge of foreign currency, developing processes that reduce the time taken in processing loan applications, profit & loss management, strategic planning, market risk, special assets, debt restructuring, securities and credit including management exploring almost every avenue of banking profession.

Mr. Sazzad comes from reverend Muslim family of Mymensingh and had his graduation with Honours and Post-Graduation degree in Finance and M.Com in Finance & Banking from the University of Dhaka. He has attended many training program here and abroad.

Prior to joining Bank Asia Limited, he worked in Eastern Bank and NCC Bank in the capacity of Head of Branch. After joining Bank Asia, he was assigned as Senior Vice President & Head of Branch at Corporate Branch, Executive Vice President and Head of Branch at MCB, Dhilkusha and Scotia Branches. Before his elevation as Deputy Managing Director, he was Senior Executive Vice President and Head of Internal Control and Compliance Department in Bank Asia.

Presently, he is holding the position of Chief Credit Officer and Deputy Managing Director of Bank Asia Ltd. in Bangladesh.



BRIEF PROFILE OF THE **DIRECTORS**

Mr. Syed M. Altaf Hussain
Director, IIDFC Limited
Chairman, Pragati Insurance Limited



Syed M. Altaf Hussain is the son of Syed M. Wares Ali, a renowned Entrepreneur during the period under British and Pakistani governance. Mr. Altaf is a Founding Chairman and Sponsor Director of Pragati Insurance Limited (PIL), currently holding the position of Chairman, Founding Chairman and Sponsor Director of Pragati Life Insurance Limited (PLIL), and Chairman of Pragati Life Insurance Limited Finance Committee. Mr. Altaf demonstrates a long history of participation in reputable private and public-listed corporations and organizations heading as Owner, Chairman, and Director in Bangladesh and internationally.

Mr. Altaf was enrolled for undergraduate studies at the University of Texas: Arlington (USA). In addition, he has completed courses in Grain Marketing & Agricultural Studies from Harvard Business School (USA) and North Dakota State University (USA). Mr. Altaf is a frequent traveler and can be seen attending various conferences and seminars globally.

Mr. Altaf has led a distinguished career over the span of 40 years, specializing in Food Grains, Crop Nutrition, Food Ingredients, Bio-industrial Business, Real Estate, Real Estate Developments, IT, Financial Institutions, and Journalism.

Mr. Altaf is the CEO of W&W Grains Corporation (Bangladesh) and W&W Grains Arco Pte. (Singapore), acting as the national representative of Cargill Inc. (USA) as he pioneered large-scale trading of Food Grains, Fertilizer, and other Agro-commodities over 4 decades. Mr. Altaf is the Vice Chairman of National Housing Finance and Investments Limited (NHFIL) (Bangladesh) and Chairman of Jamuna Resort Limited. Mr. Altaf is a Director of IIDFC Capital Limited (Bangladesh) and IIDFC Securities Limited (Bangladesh). Mr. Altaf is the former Chief Advisor of ATDP-II Projects; funded by USAID (USA) and Cargill Technical Services (USA). Mr. Altaf is also the Chairman of the Editorial Board of The Dainik Janata (Daily National Newspaper) (Bangladesh).

In addition to holding active roles in various industries in Bangladesh; Mr. Altaf is also a member of the Metropolitan Chamber of Commerce & Industry (MCCI) (Bangladesh), Dhaka Chamber of Commerce & Industry (DCCI) (Bangladesh), American Chamber of Commerce in Bangladesh (AmCham) (Bangladesh), Australia-Bangladesh Chamber of Commerce & Industry (ABCCI) (Bangladesh), Switzerland-Bangladesh Chamber of Commerce & Industry (SBCCI) (Bangladesh), The National University of Singapore Society (NUSS) (Singapore), Kurmitola Golf Club (Bangladesh), Donor Member of Gulshan Club Limited (Bangladesh), Gulshan Society (Bangladesh), and Baridhara Society (Bangladesh). Mr. Altaf is a high-achieving, goal-oriented individual who thrives on conquering obstacles. His qualifications and experience have gained him respect from governmental, educational, and societal institutions both at home and abroad.

BRIEF PROFILE OF THE **DIRECTORS**

Mr. Kamal Uddin Ahmed

Director, IIDFC Limited

Director, Eastland Insurance Company Limited



Mr. Kamal Uddin Ahmed, a professional businessman from Chittagong has been serving the private sector economy in Bangladesh for last three and half decades.

The former First Vice President of Bangladesh Chamber of Commerce & Industry (FBCCI) - Mr. Ahmed was one of the key entrepreneurs and former Chairman of the Social Islami Bank Limited, a joint venture Islami Bank (and current Director). He is the Chairman of 'Alif Group of Companies', a well-reputed business conglomerate of the country, which has business interests in bulk commodities, properties & real estates, insurance, agro processing and services. He is also the Director of Holy Crescent Hospital (Pvt.) Ltd.

Mr. Ahmed was the President of Chittagong Chamber of Commerce & Industry (CCCI) and Chittagong Stock Exchange Limited (CSE) and also served in International Chamber of Commerce (ICC), Bangladesh as a Director. In 1998-99 and 1999-2000, Bangladesh government nominated him 'Commercially Important Person' (CIP). He was the key organizer to form Chittagong Port Users' Forum and led the same as Convener. He also possesses strong voice to privatize Chittagong Port and member of the citizens group to monitor the development of the City as well.

Mr. Ahmed played the leading role among the Bangladesh delegations twice in the annual conference of Islamic Chamber in Iran and Malaysia two times held in Putrajaya. He also took part with government delegations to many countries. As a business leader of FBCCI & CCCI he also led numerous business delegations to overseas. Mr. Ahmed visited number of countries including United States, United Kingdom, Australia, Switzerland, Belgium, France, Germany, Korea, India, Pakistan, United Arab Emirates, Iran, Saudi Arabia, Italy, China, Singapore, Indonesia, Hong Kong and Japan, Malaysia, Turkey and Brunei Darussalam.

Mr. Ahmed is the member of many international charities & organizations and as part of social commitment, involved with many local social & cultural organizations such as Lions Club, Diabetic Hospital and also School for the Shelter less Children for their education.



BRIEF PROFILE OF THE **DIRECTORS**

Mr. Md. Kazim Uddin

Director, IIDFC Limited

CEO, National Life Insurance Company Limited



Mr. Md. Kazim Uddin is a renowned person in Life insurance sector in Bangladesh. He started life Insurance career in May 1987 in the Development-side in National Life Insurance Co. Ltd.

Mr. Kazim is a popular motivational speaker in Life Insurance industry in Bangladesh. He was selected Best CEO of the year 2020 & 2021 in South Asian Business Excellence Awards-2020 and 2021 held in Colombo, Srilanka & Pan Pacific Sonargaon, Bangladesh respectively and owned the Awards and also owned another Award of Best CEO of the year-2021 conferred by Rtv Bima Award-2021 programme.

He worked in National Life Insurance Company in various Senior Positions. Prior to being the Chief Executive Officer he had been serving as Deputy Managing Director in the same company. National Life is a leading Life Insurance Company in the Life Insurance Market of Bangladesh.

Mr. Kazim obtained higher training both at home and abroad. He completed his MBA from The University of Cumilla. Mr. Kazim travelled various countries and participated in many life insurance Seminars and Training sessions.

Mr. Md. Golam Sarwar Bhuiyan

Managing Director, IIDFC Limited

Director (Ex Officio)



Mr. Md. Golam Sarwar Bhuiyan joined IIDFC Limited as Managing Director on April 01, 2018. Prior to joining IIDFC, he had been working as Deputy Managing Director and Managing Director (CC) of National Finance Limited. He was CEO of AIBL Capital Management Limited and Managing Director of BMSL Investment Limited. He has been elected as Vice Chairman of Bangladesh Leasing & Finance Companies Association (BLFCA) for 2020 and 2021.

Mr. Bhuiyan is an MBA from Institute of Business Administration (IBA), University of Dhaka. Earlier, he completed graduation in International Relations from the same University. He has 36 years' of experience in NBFI and investment banking industries. He started his career in Micro Industries Development Assistance and Services (MIDAS) and worked there as General Manager and Head of Consultancy, Research & Training. Mr. Bhuiyan is an International Certified Trainer in the field of Entrepreneurship Development and Small Business Management. He also worked in MIDAS Financing Ltd. as Sr. General Manager (Credit & Investment) and for GSP Finance Co. Bangladesh Ltd. as Chief Operating Officer (COO).

Mr. Bhuiyan has long experience and expertise in the fields of SME development, corporate financing, credit administration and special asset management, merchant banking, portfolio management, sub-sector analysis, business consultancy and training. He is a Life Member of Dhaka University Alumni Association, IBA Alumni Association, MBA Club Ltd. He is also associated with many educational institutions and social organizations.

MANAGEMENT COMMITTEE



Sitting (From Left)

1. **Jyonto Kumar Biswas**
Head of IT
2. **Abu Shadat Mohammad Shahin**
Head of Corporate Finance
3. **Md. Golam Sarwar Bhuiyan**
Managing Director
4. **Lingkon Mondal, FCA**
Chief Financial Officer (CFO) & CS (CC)
5. **Kazi Dilruba Akter**
Head of SME

Standing (From Left)

1. **Mohammad Neazur Rahman**
Head of Operations
2. **Md. Mushfiqur Rahman**
Head of CRM
3. **Sajeeb Saha, ACA**
Head of ICC
4. **Mohammad Abdullah**
Head of SAM

SENIOR EXECUTIVES & LINE MANAGERS

Md. Samiur Rahman
VP- Structured Finance

Kazi Md. Faisal Robin
AVP- Head of Chattogram Branch

Kabir Hossain
AVP- Head of Administration

Md. Rashed Uddin
AVP- Head of Legal

Sanjoy Karmaker
SAVP- Accounts & Finance

Md. Mizanur Rahman
AVP- Deputy Head of Treasury



SENIOR EXECUTIVES & LINE MANAGERS

Mohammad Mahabub Alam Rony
AVP- Head of Uttara Branch



Md. Mehedi Hasan
Sr. Manager
Head of Keraniganj Branch



Md. Aurangazeb
Sr. Manager
Head of Gazipur Branch



Angkan Saha
Manager
Acting Head of Liability Department



Arnab Saha
Manager- Head of PMC



Md. Motaher Hossien
Manager- Head of Savar Branch



A.N.M. Foyzur Rahman
Deputy Manager
Head of Narayanganj Branch





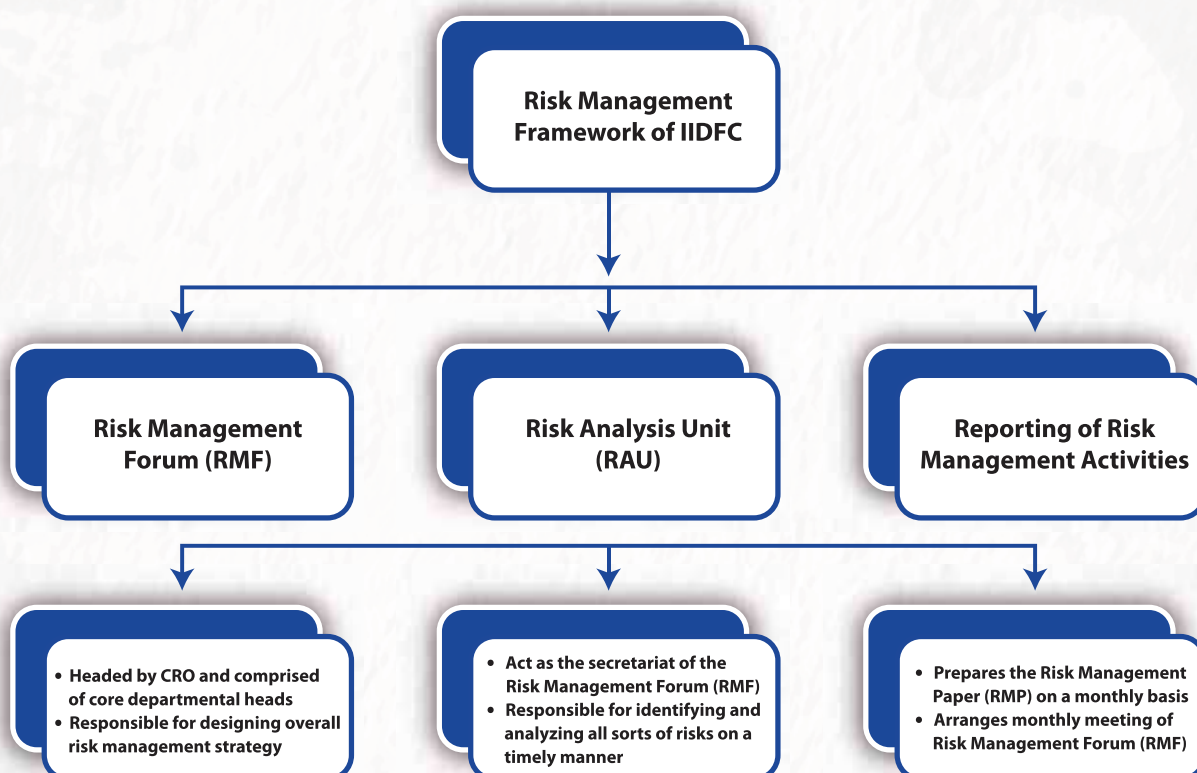
RISK MANAGEMENT & CONTROL ENVIRONMENT

RISK MANAGEMENT & CONTROL ENVIRONMENT

Risk Management Framework:

Managing risk is one of the primary concerns of the Banks and NBFIs operating in Bangladesh. With a view to attain an effective risk management and control system, the management of Industrial and Infrastructure Development Finance Company (IIDFC) ensures that the risk management framework is entrenched into the overall business process, culture, practices and structure of the company. The company rigorously follows ongoing best market practices as well as the “Integrated Risk Management Guidelines for Financial Institutions” issued by the Bangladesh Bank.

Risk Management Framework of IIDFC is as follows:



- a) **Risk Management Forum (RMF):** IIDFC have an effective Risk Management Forum (RMF) which was formed as per the DFIM Circular No. 1 dated April 07, 2013. It is headed by the Chief Risk Officer (CRO) and comprised of core department heads and Risk Analysis Unit (RAU) as follows:

Sl.	Particulars	Position in RMF
1.	Managing Director	Chief Risk Officer
2.	Head of Corporate Finance	Member
3.	Chief Financial Officer	Member
4.	Head of Treasury	Member
5.	Head of SME	Member
6.	Head of Operations	Member
7.	Head of CRMD	Member
8.	Risk Analysis Unit (RAU)	Member Secretary

Key responsibilities of the RMF includes the following:

- i. Designing overall risk management strategy;
- ii. Communicating views of the Board and Senior Management regarding the Risk Management Culture and Risk Appetite all over the organization;
- iii. Preparing risk management policies and procedures;
- iv. Overseeing the Capital Management functions in accordance with the Risk Based Capital Adequacy measurement accord i.e. BASEL-II;
- v. Developing and overseeing implementation of stress testing;
- vi. Determining the most cost-effective way to minimize the risks;
- vii. Developing overall information system/MIS to support risk management functions; and
- viii. Reviewing the market conditions, identifying the external threats and providing with recommendations for precautionary measures accordingly.

b) Risk Analysis Unit (RAU): Risk Analysis Unit (RAU) of IIDFC is responsible solely for identifying and analyzing all sorts of risks in an appropriate and timely manner. RAU acts as the secretariat of the Risk Management Forum (RMF). However, it is independent from all other units/divisions of the organization. RAU of IIDFC is responsible exclusively for the followings:

- i. Collecting all relevant data related to the risk indicators from different models and information system at the earliest;
- ii. Assessing the quality, completeness and correctness of those data;
- iii. Identifying and quantifying the risks and their exposures to material loss;
- iv. Preparing Risk Management Paper (RMP) on a monthly basis; and
- v. Conducting periodic Stress Testing.

c) Reporting of Risk Management activities: RAU of IIDFC prepares a Risk Management Paper (RMP) with a detailed analysis including trend analysis of all categories of risk with adequate updated data every month. The RMP is placed in the monthly meeting of the Risk Management Forum. After detailed discussion, RMF recommends some specific action plans for mitigating the identified risks. The updated data of any given month is collected by RAU within 15th of the following month. The meeting of RMF is usually conducted within 20th of the same month. The Risk Management Paper along with the Minutes of the RMF meeting (both hard copy and soft copy) is submitted to the Department of Financial Institutions and Markets (DFIM) of Bangladesh Bank by the end of following month of every quarter.

Disclosure of the Risk Reporting:

Risk Analysis Unit (RAU) of IIDFC prepares the Risk Management Paper (RMP) on a monthly basis and submit it to the Department of Financial Institutions and Market (DFIM) of Bangladesh Bank quarterly. RMP is comprised of a variety of risk indicators ranges from growth in credit portfolio and NPL to Credit-Deposit Ratio and Deposit-Withdrawal concentration. Some major risk indicators from the RMP for the last two years are provided below:

Sl. No.	Risk Indicators	2021	2020
1	Total Credit Portfolio	13,926,094,156	15,272,371,452
2	Annual Disbursement	2,103,763,256	2,010,426,293
3	Sector Concentration Risk- HHI Score	1,106	685
4	Product Concentration Risk- HHI Score	6,410	6,281
5	Directors' Exposure (IIDFC Securities Ltd.)	379,526,700	573,761,125
6	Percentage of Total Portfolio	3.76%	3.69%
7	Total NPL in Amount	4,944,721,628	3,576,185,480
8	NPL as a Percentage of Total Portfolio	35.51%	23.42%
9	Provision Required for Loans & Investment	2,216,817,127	1,738,024,115
10	Provision Maintained for Loans & Investment	1,469,631,110	892,179,870
11	Provision Surplus (Shortfall)	(747,186,017)	(845,844,245)
12	Cost of Fund (General) Percentage	8.02%	9.10%
13	Base Rate Percentage	9.97%	11.10%
14	Total Capital Market Exposure	1,121,659,506	1,617,756,345
15	Statutory Liquidity Required	349,790,266	328,355,640
16	Statutory Liquidity Maintained	371,426,074	369,924,336
17	Statutory Liquidity Surplus (Shortfall)	21,635,807	41,568,696
18	Cash Reserve Required	91,815,303	84,306,010
19	Cash Reserve Maintained	92,964,427	112,172,320
20	Cash Reserve Surplus (Shortfall)	879,123	27,866,310
21	Sources of Fund	15,560,301,643	17,960,168,293
22	Utilization of Fund	14,601,667,867	15,950,198,986
23	Credit Utilization Ratio	93.84%	88.81%
24	Total Deposit Portfolio	9,064,640,125	10,213,898,344
25	Top-10 Deposit Amount	950,000,000	393,000,000
26	Percentage of Total Deposit	10.48%	3.85%
27	Top-10 Withdrawal Amount	888,324,661	540,858,954
28	Total Eligible Capital	1,385,373,476	2,283,698,518
29	Total Risk Weighted Assets	15,258,720,143	15,796,231,196
30	Capital Adequacy Ratio	9.08%	14.46%

Risk Mitigation Methodology:

1. **Credit Risk:** It is the risk that may arise from inability and/or reluctance of the clients to make periodic repayment of installment/interest against the credit facilities on due time. With a view to mitigate such credit risk, IIDFC ensures the roles of following departments:

Departments	Key roles / functions to mitigate credit risk
Credit Risk management (CRM)	<ul style="list-style-type: none"> • Scrutinizing the credit proposals received from all business units (Corporate, SME and Branches) to identify risks & compliance issues. • To ensure that credit proposals have been properly analyzed and memos have been prepared complying all the necessary rules, regulations, circular, guidelines vested by the concerned regulatory authorities. • Analyzing credit proposals by identifying risks and mitigation thereof. Thorough scrutinizing of the loan proposals and set appropriate facility structure as well as covenants suitable for the related business. • Ensuring that Internal Credit Policy & Internal Credit Circulars are being complied properly. • Periodic review of different types of credit facilities as per Credit Policy. • Maintain effective follow up and supervision and take all possible measures in time to avoid non-performance of assets. • Analysis of Early alert Report and classified loan review. • Perform any other duties as per requirement of the management.
Credit Administration Department (CAD)	<ul style="list-style-type: none"> • Preparation of sanction advice stipulating all the required terms and conditions applicable for the related credit facilities. • To prepare security documents and ensure that all security documentation complies with the terms of approval to control loan disbursements. • To maintain control as well as preserve all security documents. • To monitor insurance coverage to ensure appropriate coverage is in place over assets pledged/hypothecated as collateral, and is properly assigned to IIDFC. • To monitor borrowers compliance with covenants and agreed terms and conditions, and general monitoring of account conduct/performance. • To provide the respective departments with all circulars and guidelines issued by regulatory authority.
Special Asset management (SAM)	<ul style="list-style-type: none"> • To monitor and maintain the files of classified accounts with support from concern RMs and also review all documentations, meeting between the customer and RM as well as to prepare Classified Loan Review Report to CRMD to update the status of the action/recovery plan. • To initiate legal actions for any default accounts, Special Asset Management Department will place recommendations in consultation with Business unit(s) and approval of Managing Director. • To initiate write off of loans with recommendation of business unit(s) and submitting before the Board for approval. • To assist RM in collecting overdue from overdue clients.

2. **Liquidity Risk:** Liquidity risk arises when liquid assets are insufficient to meet maturing financial obligations. It may also arise due to organization's inability to settle its liability. Liquidity risk management is the main concern of ALCO. The ALCO of IIDFC consists of Managing Director, Chief Financial Officer, Company Secretary, Treasury, Business Units, CRM and Accounts. In order to mitigate liquidity risk, IIDFC ensures following roles of Treasury department and ALCO:

Department / Committee	Key roles / functions to mitigate liquidity risk
Treasury	<ol style="list-style-type: none"> 1. To provide quick finance to the company by making effective cash management. 2. Financial Planning and forecasting cash flows. 3. Borrowing of Funds/ Deposit mobilization. 4. Financial Assets management.
ALCO	<ol style="list-style-type: none"> 1. To analyze the information relating to money market position and competition. 2. To formulate policy regarding management of liquidity and interest rate risk of the Company. 3. To set guidelines for establishment of effective methods of Asset Liability Management. 4. To set guidelines for optimum utilization of the financial resource of the Company. 5. To set limits for liquidity, interest rate, exchange rate and equity pricing risks. 6. To assess and identify the possible sources of risk in connection with the funding and lending activities. 7. To evaluate the strength of existing risk management tools and find out its possible ways of improvement. 8. To monitor compliance with the regulations of Bangladesh Bank in respect of statutory obligations and ensure timely submission of reliable and relevant information.



- 3. Operational Risk:** Operational risk is the possibility of economic losses attributable to the deficiencies of internal control and Corporate Governance. Such deficiencies can occur due to human error, inadequate internal process, failed technical system, internal fraud etc. To mitigate operational risk, IIDFC ensures the following roles of Internal Control & Compliance (ICC) department:

Department	Key roles / functions to mitigate operational risk
Internal Control & Compliance (ICC)	<ol style="list-style-type: none"> 1. To verify continuing adequacy and applicability of credit risk management policies and procedures, provide an independent assessment of the credit portfolios' existence, quality and value, the integrity of the credit process, and promotes detection of problems relating thereto. 2. To prepare annual audit plan to be approved by the Audit Committee of the Board according to which the audits are to be carried out. The frequency of audits and the individual audit areas should be stipulated in the Company's plan. 3. To prepare a comprehensive audit report. 4. To verify the self-assessment report on AML/CFT issues prepared by branch, assessing risks and visiting the branch on the basis of risks impacts and inform the matter to the central compliance unit (CCU). 5. To perform Independent Testing Procedures according to BFIU, Bangladesh Bank checklist, examining the Anti-Money Laundering & terrorist financing activities, rating based on examination and finally report to the central compliance unit (CCU). 6. To monitor the swift correction of any problems detected in the audit as well as the implementation of its recommendations in a suitable form, and if necessary to schedule a follow-up audit.



FINANCIAL HIGHLIGHTS

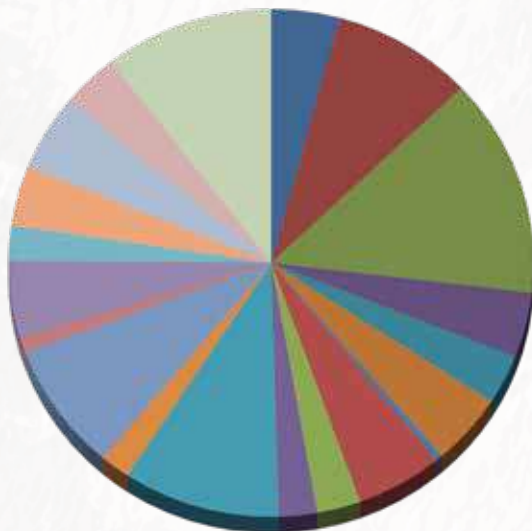


KEY OPERATING AND FINANCIAL HIGHLIGHTS

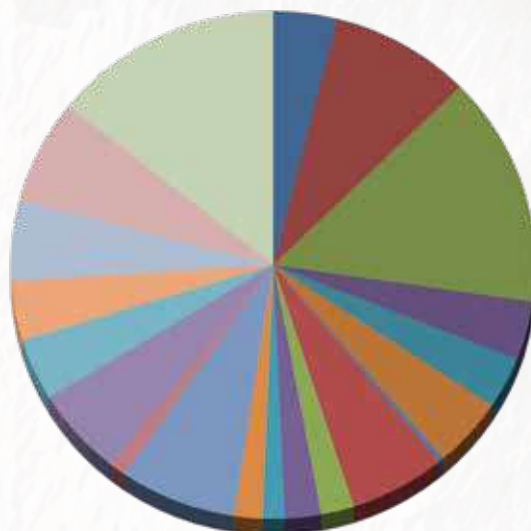
BDT in million

Particulars/Year	IIDFCL (Solo)			IIDFCL (Consolidated)		
	2021	2020	2019	2021	2020	2019
Profit and Loss Account						
Operational Revenue	1,153.74	2,007.45	2,542.21	1,486.77	2,141.86	2,656.59
Operational Expenses	1,448.61	2,026.14	2,050.52	1,735.24	2,139.15	2,142.65
Operating Profit	(294.87)	(18.69)	491.69	(248.47)	2.71	513.94
Profit after Tax	(888.58)	(88.63)	26.21	(884.52)	(85.31)	34.94
Balance Sheet						
Total Leases, Loans & Advances	13,926.09	15,272.37	18,908.81	15,897.20	17,093.26	20,663.84
Provision for Investments	1,469.63	892.18	888.58	1,707.88	1,149.34	976.11
Leased Finance/Advances	1,860.29	2,038.30	2,334.71	1,860.29	2,038.30	2,334.71
Direct/Term finance	12,065.80	13,234.07	16,574.10	11,686.28	12,660.31	15,985.95
Margin loan	-	-	-	2,350.63	2,394.65	2,343.18
Investment in Shares/Deventure and Bond	675.57	677.83	659.72	1,059.10	1,069.80	1,063.39
Shareholders' Equity	1,215.58	2,104.16	2,191.55	1,317.51	2,202.03	2,286.10
Reserve & Surplus	(522.19)	366.39	883.55	(420.26)	464.26	978.10
Paid up Capital	1,737.77	1,737.77	1,308.00	1,737.77	1,737.77	1,308.00
Total nos. of Shares (in quantity)	173.77	173.77	130.80	173.77	173.77	130.80
Ratios						
Book Value Per Share (BDT)	7.00	12.11	16.75	7.58	12.67	17.48
Earnings Per share (BDT)	(5.11)	(0.51)	0.20	(5.09)	(0.49)	0.27
Dividend Per Share (BDT)	-	-	-	-	-	-
Return on Average Equity (%)	(5.28)	(4.13)	1.26	(4.99)	(3.80)	1.61

SECTOR-WISE EXPOSURE



Year 2021

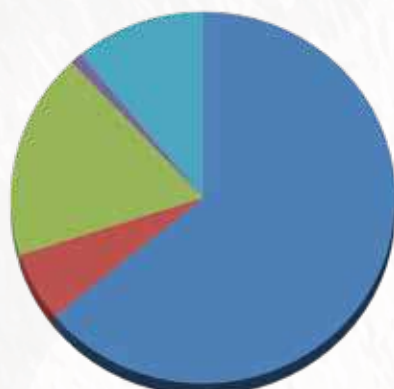


Year 2020

Sector-wise Loans & Advances:	Year 2021		Year 2020	
Agricultural Sector	587,496,374	4.22%	601,113,264	3.94%
Industrial Sector:				
Textiles	1,206,853,877	8.67%	1,327,092,003	8.69%
Garments	1,947,246,675	13.98%	2,243,125,080	14.69%
Jutes & Jute Related Goods	578,073,461	4.15%	575,374,405	3.77%
Food Items Producer/Processing Industries	441,729,085	3.17%	498,553,283	3.26%
Plastic Industries	636,406,665	4.57%	679,104,942	4.45%
Lather & Lather Goods	57,795,890	0.42%	51,073,580	0.33%
Iron, Steel and Engineering	741,404,966	5.32%	902,906,410	5.91%
Chemical and Pharmaceuticals	374,780,620	2.69%	309,411,565	2.03%
Cement/Clinker and Allied Industries	327,830,265	2.35%	340,596,412	2.23%
Service Sector (Hotel, Hospital, Clinic, Tourism, etc.)	1,349,190,068	9.69%	209,621,580	1.37%
Paper, Printing & Packaging	250,601,115	1.80%	261,989,554	1.72%
Telecommunication and IT Industries	1,145,461,167	8.23%	1,107,520,631	7.25%
Glass and Ceramic Industries	133,600,022	0.96%	131,633,310	0.86%
Shipping and Building Industries	-	0.00%	-	0.00%
Electronics and Electrical Goods	686,848,608	4.93%	878,060,559	5.75%
Power, Gas, Water and Sanitary	310,491,289	2.23%	606,049,642	3.97%
Transport and Communication	529,710,217	3.80%	574,021,427	3.76%
Real Estate and Housing	682,759,389	4.90%	789,602,774	5.17%
Merchant Banking	486,806,244	3.50%	1,014,518,068	6.64%
Others	1,451,008,159	10.42%	2,171,002,962	14.22%
Total	13,926,094,156	100.00%	15,272,371,452	100.00%

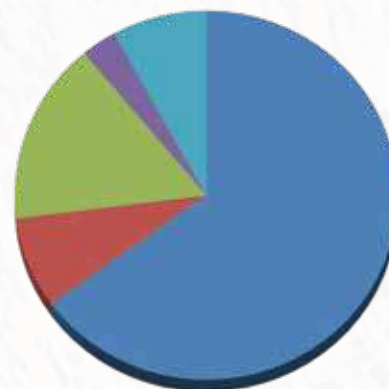
SOURCES OF FUND & OUR BANKERS

SOURCES OF FUND



Year 2021

Deposit	: 64.00%	■
Overdrafts	: 6.00%	■
Long Term Loan	: 18.00%	■
Short Term Loan	: 1.00%	■
Refinance from Bangladesh Bank	: 11.00%	■



Year 2020

Deposit	: 65.00%	■
Overdrafts	: 8.00%	■
Long Term Loan	: 16.00%	■
Short Term Loan	: 3.00%	■
Refinance from Bangladesh Bank	: 8.00%	■

OUR BANKERS

Agrani Bank Limited	Head Office
Bank Asia Limited	Principal Office Branch and Agrabad Branch
BRAC Bank Limited	Gulshan Branch
Commercial Bank of Ceylon PLC	Motijheel Office
Janata Bank Limited	Head Office, Principal Branch
Lankan Alliance Finance Limited	Head office
Midland Bank Limited	Head Office
Mutual Trust Bank Limited	Principal Branch
NCC Bank Limited	Foreign Exchange Branch
NRB Commercial Bank Limited	Head Office
One bank Limited	Principal Branch
Pubali Bank Limited	Principal Branch
Shahjalal Islami Bank Limited	Foreign Exchange Branch
Shimanto Bank Limited	Head Office
Social Islami Bank Limited	Principal Branch
Sonali Bank Limited	Local Office Branch
South Bangla Agriculture and Commerce Bank Limited	Head Office
Southeast Bank Limited	RK Mission Road Branch
The City Bank Limited	Principal Branch
Trust Bank Limited	Motijheel Branch
Union Capital Limited	Head Office
Uttara Bank Limited	Local Office Branch
Woori Bank	Head Office
Bank Alfalah	Gulshan Branch

DISCLOSURE ON CAPITAL ADEQUACY & MARKET DISCIPLINE

Capital Adequacy Ratio:

The capital adequacy ratio (CAR) measures the amount of capital any financial institution retains compared to its risk and risk weighted assets. It determines how effectively any financial institution can sustain in case of a reasonable amount of loss or how efficiently it can protect the organization against probable financial risks. The CAR is important to shareholders because it is an important measure of the financial soundness of a financial institution.

Two types of capital are measured with the CAR, first the tier 1 capital, can absorb a reasonable amount of loss without forcing the bank to cease its trading and the second type, tier 2 capital, can sustain loss in the event of liquidation. Tier 2 capital provides comparatively less protection to its depositors and creditors.

The CAR provides shareholders with a better understanding of the risks a financial institution is taking with the equity they provide. A bank that continually takes more risks than it can reasonably sustain leaves potential shareholders with a sense that their equity investments are more at risk. A financial institution must maintain a professional level of risk management and sound lending practice to attract the capital that acts as its first line of defense against loss, both expected and unforeseen.

Significance of Capital Adequacy:

Capital is backbone of any business specially, financial institution where capital sufficiency is a prime factor to consider when assessing the safety and soundness of business. Minimum capital level is significantly important for a Financial Institution so that adequate protection against risk can be ensured. A strong Capital Management Policy protects an organization by identifying and mitigating risks, as well as establishes a base of confidence by depositors, creditors, and other stakeholders.

Capital Adequacy gives an over-view on a Financial Institution's strength and stability and adequate capital provides assurance to the stakeholders on the company's ability to provide consistent services and financial supports. Capital Adequacy is a basis for measurement of capital that FI needs to hold for ensuring that no excess leverage is taken that could lead to insolvency. Capital Adequacy measurement is expressed as the Capital Adequacy Ratio (CAR), also known as Capital to Risk Weighted Assets Ratio.

CAR is a measure of a financial institution's eligible capital expressed as a percentage of its risk weighted asset. The objective of CAR is built around the Market Discipline, whereby depositors' and creditors get a standardized measurement on the extent to which their wealth is exposed to risk, and thereby establish confidence on the Financial Institution's continuity and strength. The CAR measurement is also directed towards making a financial institution's capital more risk sensitive and shock absorbent.

Basel II guidelines:

According to the capital adequacy guideline the following three points are important to be followed.

- (i) **Minimum Capital:** Minimum capital requirements to be maintained by a bank against credit, market, and operational risks.
- (ii) **Capital Growth:** Process for assessing the overall capital adequacy aligned with risk profile of a bank as well as capital growth plan.
- (iii) **Public Disclosure:** Framework of public disclosure on the position of a bank's risk profiles, capital adequacy, and risk management system. This forms the basis of Market Discipline.

Two Level of Regulatory Capital Requirement:

As per guideline two tier of capital is required to be kept ie. Tier 1 Capital and Tier 2 Capital.

Core Capital: Tier 1 Capital, also called the 'Core Capital', is the core measure of a bank's financial strength from a regulator's point of view. Banks have to maintain at least 50% of required capital as Tier 1 capital.

Supplementary Capital: Tier 2 Capital is called the 'Supplementary Capital' and represents other elements which fall short of some of the characteristics of the core capital but contribute to the overall strength of a financial institutions. According to Bangladesh Bank's Guideline for NBFIs, the computation of the two capital grades are subject to the following conditions.

- (i) Tier 2 Capital amount will be limited to 100% of the amount of Tier 1 Capital.
- (ii) 50% of revaluation reserves for fixed assets and 45% for securities, and 10% of revaluation reserves for equity instruments are eligible for Tier 2 Capital.
- (iii) General provision in the Tier 2 Capital can be up to a limit of 1.25% of Risk Weighted Asset for Credit Risk

Common capital ratios as per the regulatory requirements are as follows:

Capital Ratio		Statutory Limit
(i) Core Capital Ratio	(Core Capital/ Risk-adjusted Assets)	$\geq 5\%$
(ii) Total Capital (Core + Supplementary)	(Total Capital/ Risk-adjusted Assets)	$\geq 10\%$

Effective risk management is considered as a central part of the financial and operational management of any company, whereby company sustainability and consistent profit generation are ensured. Only by adopting and strengthening risk management measures can the company deal with the complex and dynamic business environment. Group Risks are managed on an integrated basis. Risk management is incorporated in the Group decision making with regards to strategic planning.

Effective Risk Management

The risks which form the basis for effective risk management are: credit, market, operational, and liquidity risks.

Credit Risk: Credit risk is a risk that the FI will not be able to recover the money it has owed. It occurs due to failure of the counter party to meet its obligations to pay the company in accordance with the agreed terms. The risk depends on the financial strength of the party owing to the bank as well as market factors that affect the value of assets used as lien against the loan. Credit risk calculation recognizes and adjusts for two factors:

- (i) On Balance Sheet credit exposures refer to the credit risks that the various assets in the balance sheet are exposed to. These assets are weighted according to the degree of the risks exposed.
- (ii) Off Balance Sheet credit exposures refer to the credit risks on the credit equivalent amounts of the various off balance sheet items.

Market Risk: Market risk is the potential for loss in earnings or in economic value of the FI's asset portfolio due to adverse changes in financial market rates or prices. The preferred approach to calculating this risk is VaR (Value at Risk).

Operational Risk: Operational risk is the risk of a change in value caused by the fact that actual losses, incurred for inadequate or failed internal processes, people and systems, or from external events (including legal risk), differ from the expected losses. The risk can be deliberate, accidental or natural. The FI's objective is to minimize the operational risk exposure within a framework of policies and procedures. Risk Weighted Assets (RWA) is a Financial Institution's assets or off-balance-sheet exposures, weighted according to risk. By adjusting the amount of each asset for an estimate of how risky it is, a rough measurement of the company's financial stability can be determined.

Liquidity Risk: Liquidity risk is the risk that a company or bank may be unable to meet short term financial demands. This usually occurs due to the inability to convert a security or hard asset to cash without a loss of capital and/or income in the process.

Capital Adequacy for IIDFC Limited

At IIDFC, Capital Management Policy sets out the principles and guidelines for effective and prudent capital planning, usage, and management of it. The policy defines the minimum criteria for ensuring that adequate capital is kept and effective management is performed. Capital Adequacy is explicitly followed in adherence to the statutory compliance and regulatory requirements of Basel II guidelines, affected by Bangladesh Bank from 1st January 2010. The guidelines are prudently followed to safeguard the IIDFC's ability to continue as a going concern, by establishing a strong capital base, and to maintain high credit rating as well as the confidence of the investors and creditors. At IIDFC, capital planning is done in alignment with the company's risk appetite and profile. Capital goals are set to incorporate both normal and stressful business conditions. As such, the goals take into considerations current and future regulatory requirements and economic conditions, and the expectations of stakeholders. Capital targets accommodate forward looking viewpoints on economic outlook, company's current financial condition, and future uncertainties inherent in capital planning. In line with this objective, capital base is set at 1% higher than the minimum CAR. This ensures full compliance as well as a buffer against capital loss during stressful situations.

The company emphasizes on strong capital management through the followings:

- (i) Maintaining regulatory requirements of capital.
- (ii) Supply and demand forecast of capital to support business strategy and continuity.
- (iii) Incorporate rolling capital plan covering a time horizon of two to three years.
- (iv) Internal Controls and Governance to manage company's risk, performance and capital.

Capital strategies are periodically reviewed to ensure that strong governance and process framework are in place for effective risk management. Material capital risk is assessed periodically which supports the company's internal capital adequacy requirements. The scope of application of such guidelines applies to 'Solo' as well as to the 'Consolidated' basis.

- (i) 'Solo Basis' refers to all position of the FI and its local and overseas branches/offices.
- (ii) 'Consolidated Basis' refers to all position of the FI (including its local and overseas branches/offices) and its subsidiary companies engaged in financial (excluding insurance) activities like merchant banks, brokerage firms, discount houses, etc. Since IIDFC has subsidiary companies, the guidelines apply to both

‘Solo’ and ‘Consolidated’ basis. Breakdown of each category of eligible capital is given below.

(A) Core Capital of IIDFC Limited is as follows:

Amount in Million

Particulars	Solo Basis		Consolidated Basis	
	2021	2020	2021	2020
Fully paid-up capital/capital lien with BB	1,737.77	1,737.77	1,737.77	1,737.77
Statutory reserve	371.95	371.95	371.95	371.95
Non-repayable share premium account (Share money deposit)	-	-	-	-
General reserve	50.80	50.80	67.80	67.80
Retained earning	(944.94)	(56.35)	(86.02)	24.35
Minority interest in subsidiary	-	-	0.15	0.15
Non-cumulative irredeemable preference share	-	-	-	-
Dividend equalization account	-	-	-	-
Other (if any item approved by BB) share money deposit	-	-	-	-
Less: Shortfall in provisions required against investment in shares	-	-	-	-
Less: Book value of Goodwill	-	-	-	-
Total	1,215.58	2,104.16	1,317.51	2,202.02

(B) Supplementary Capital of IIDFC Limited is as follows:

Amount in Million

Particulars	Solo Basis		Consolidated Basis	
	2021	2020	2021	2020
General provision (unclassified loans up to specific limit + SMA+ Off B/S exposure)	169.79	179.54	447.89	476.27
50% of Assets Revaluation Reserve	-	-	-	-
10% of Securities Revaluation Reserve	-	-	-	-
All other preference shares	-	-	-	-
Other (if any item approved by Bangladesh Bank)	-	-	-	-
Total	169.79	179.54	447.89	476.27

Risk Management

At IIDFC Limited, disciplined risk management is considered as the key to organizational success. With that objective in mind, strong management structure and risk management system, along with robust policies are developed to allow the company to manage the internal and external, and regulatory environments. A robust risk management framework is built to effectively cover the necessary requirements of managing risk. Establishment and oversight of the Group's risk management framework lies with the Company's Board of Directors. The risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk control standards, and to monitor the risks and adhere to defined policies. Protocols and responsibilities are clearly delineated such that decision making with regards to risk management are taken positively. IIDFC contemplates on having the industry practices of identifying, measuring and controlling risks. The Risk management policies and systems are reviewed regularly to reflect changes in market conditions and operations. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

By implementing rigorous risk management policy, risk adjusted returns are maximized, while ensuring that the company remains within its desired risk appetite. Emphasis is given on establishing a risk management culture which takes into account the underlying assertions: (i) Risk considered must be in line with the company's goals, and also must support the company's risk appetite. (ii) Responsibility of identifying and taking risks within the organization lies with every employee.

The company carries the overall responsibility of ensuring that the risk-taking within the organization is disciplined and focused. Accountability is ensured by taking risk agreed by the respective company authorities and also assuring that the risks taken are transparent, controlled, reported and falls within the appropriate infrastructure and resource. Future risk emergence is identified and necessary steps taken to anticipate its impacts. Effective Risk Management Policy and Controls are founded to use the risk as a competitive advantage. Continuous improvement of the risk management approaches and methodologies to enhance current risk policies. Analyze and establish any new or improved policy to strengthen the company's risk management position. Ensuring consistent statutory compliance with regards to capital adequacy and risk management.

In accordance with the Basel II guidelines, IIDFC takes precautionary methods against credit, market, operational, and liquidity risks.

(i) Credit Risk: Credit Risk is effectively measured and managed through a framework of policies and procedures. All credit exposures undergo proper approving authority as a mean of effective management of counter party credit risk. A defined structure is established for delegation of credit approval authority and for monitoring compliance with appetite. Proper due diligence is applied to review the credit applications. Defined processes and procedures are used to support credit underwriting activities at levels of the business. As a part of proper underwriting standards, appropriate valuations of collaterals are done for secured credits.

A counter party is also required to have an approved limit in place, prior to draw down of funds. Every credit party is subject to credit rating, and the rating is actively monitored as a part of effective credit risk management. Account level activity along with limit utilization monitoring is set as a part of risk trigger-mechanism. This helps to identify early alert situations based on which the company can take proper actions. Potential problem accounts are identified, investigated, controlled and monitored.

Past dues and impaired exposures are defined in accordance with the relevant Bangladesh Bank regulations. Specific and general provisions are computed periodically in accordance with the Bangladesh Bank regulations. The Group writes off a loan or an investment debt security balance, and any related allowances for impairment losses, when Group Credit determines that the loan or security is non-collectable. This determination is made after considering information such as the occurrence of significant changes in the borrower's / issuer's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

(ii) Market Risk: Market Risk management is set as per the parameters defined in the policy. The objective of the Group's market risk management is to manage and control market risk exposures set within the acceptable parameters, thereby ensuring solvency while optimizing the Group's risk return strategy. Sufficient oversight and reporting are conducted for management of market risk profile. Overall authority for market risk rests with the ALCO. Setting market liquidity as the primary factor for determining the level of limits for portfolio trading, ALCO provides limits for each type of risk in aggregate and for individual portfolios.

(iii) Operational Risk: Operational Risk framework is designed to ensure operational risk identification, assessment, control and monitoring at business and group level. Management of operational risks is an integral part of the roles played by business and the functional teams. The Risk Management Division oversees whether the operational risk exposures fall within the policy. Defined standards of measurement are also outlined which plays one of the critical roles of ensuring that the risks are managed within the acceptable tolerance limits. The policies and standards are also reviewed periodically to keep the framework updated. The types of events that could result in material operational risk loss or business disruptions are as follows:

- a. Internal and external fraud
- b. Damage to physical assets
- c. Business process disruptions and system failures
- d. Failure in service executions and deliveries, as well as process management
- e. Liquidity Risk is managed by the ALCO team within the pre-defined liquidity limits set by and in compliance with the policies and regulatory requirements. The Treasury division oversees the implementation of policies and other controls relating to liquidity risks while managing the liquidity position of the company on a day to day basis.

RWA figure is calculated on the basis of credit, market, and operational risks. Total RWA is determined by first multiplying the amount of capital charge for market risk and operational risk with the reciprocal of the minimum CAR. The resulting figure is added to the sum of the risk weighted assets for credit risk.

Calculation of Risk Weighted Assets

(Amount in million)

Particulars	Solo Basis		Consolidated Basis	
	2021	2020	2021	2020
Credit Risk				
1. On B/S	13,532.57	14,312.03	14,562.38	15,099.95
2. Off B/S	50.89	50.89	50.60	50.89
Market Risk	851.02	416.10	704.31	708.17
Operational Risk	824.24	1017.21	1,017.59	1232.60
Total RWA	15,258.72	15,796.23	16,334.89	17,091.61

Capital Adequacy Ratio (CAR) = (Core Capital +Supplementary Capital)/RWA

Capital Adequacy

(Amount in million)

Particulars	Solo Basis		Consolidated Basis	
	2021	2020	2021	2020
Core Capital	1,215.58	2,104.16	1,317.51	2,202.03
Supplementary Capital	169.79	179.54	447.89	476.27
Total Eligible Capital	1,385.37	2,283.70	1,765.40	2,678.30
Risk Weighted Assets	15,258.72	15,796.23	16,334.89	17,091.61
Capital Adequacy Ratio	9.08	14.46	10.81	15.67
Core Capital to RWA	7.97	13.32	8.07	12.88
Supplementary Capital to RWA	1.11	1.14	2.74	2.79
Minimum Capital Requirement (10% of RWA)	1,525.87	1,579.62	1,633.49	1,709.16
Excess capital over regulatory requirement	(140.50)	704.08	131.91	969.14

Capital Adequacy Ratio (CAR) of IIDFC is more than the Bangladesh Bank's CAR requirement of 10%. The status is in line with the IIDFC's approach for being compliant and to establish investors' confidence. Moreover IIDFC is getting prepared for the BASEL-III requirement which is currently applicable for Bank but may be applicable for Non-Banking Financial Institutions in near future.



SUSTAINABILITY REPORT

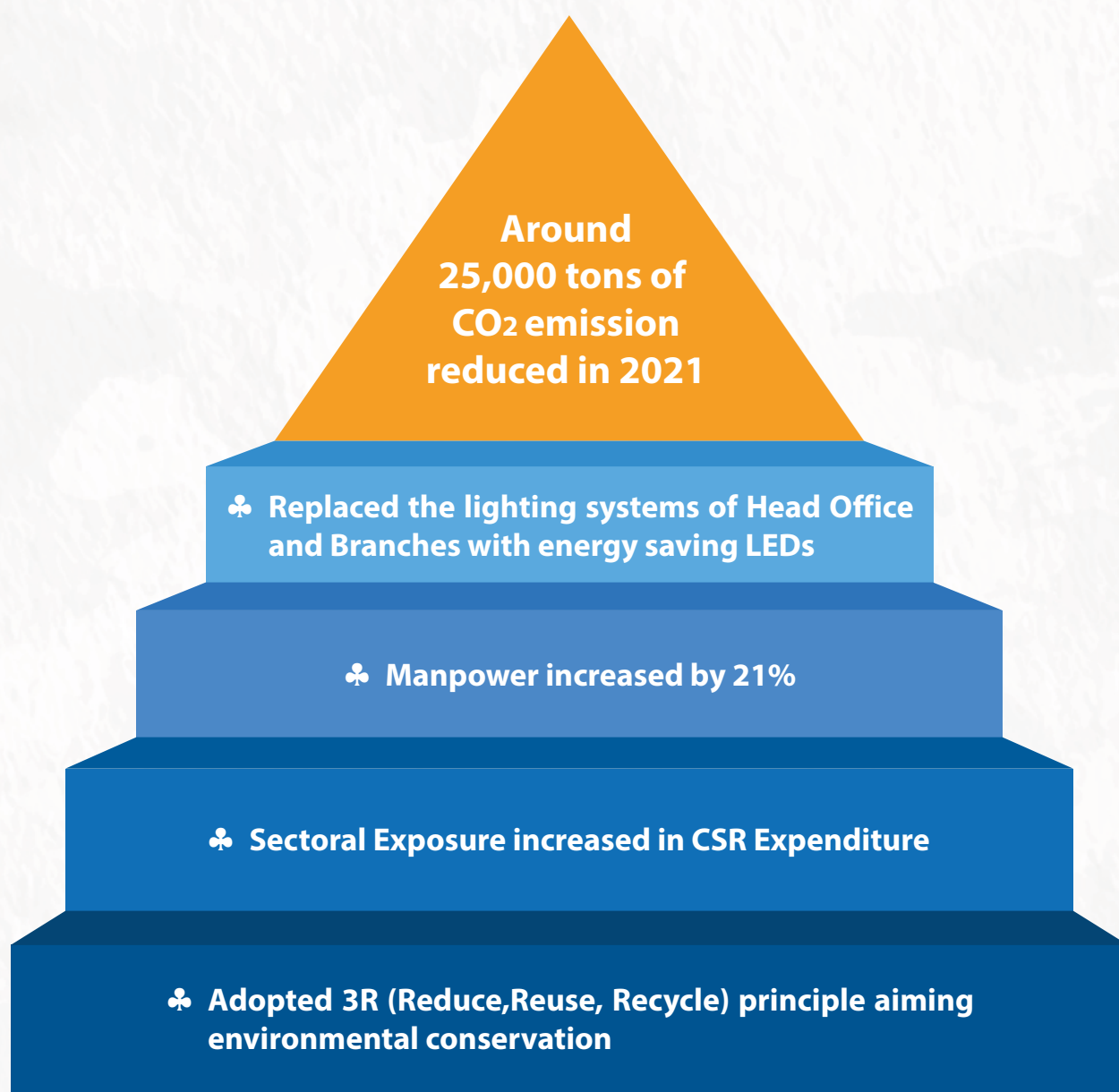
Sustainability reporting, an integrated report of the organization, encompasses the impact of organizational activities on the overall society. This report exclusively focuses on environmental and social performance caused by the operational activities of the organization. Every decision taken by the business has crucial impact on different stakeholders. Building and maintaining trust in the businesses sector is essential to accomplishing a sustainable economy. Sustainability report represents the organization's values and governance model, and demonstrates its strategy and its promise towards a sustainable global economy. Sustainable development has guided the organization to modify its strategic management, ultimately changing the focal point from only financial dimension to the consideration of multiple factors.

Four aspects of annual sustainability report are as follows:

- a. Corporate Social Responsibility Initiatives;
- b. Environmental Reporting;
- c. Obligations to the society and environment; and
- d. Integrated Reporting.



KEY HIGHLIGHTS



CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES OF IIDFC

IIDFC's CSR activities are performed in line with its social responsibilities to the different stakeholders, such as, shareholders, employees, government, depositors, investors, borrowers, suppliers and communities. From the last few decade, users of accounting information have demanded more information not only relating to economic activities but also to the impact of an institution's activities on the overall society. Corporate Social Responsibility (CSR) surfaced through Social Responsibility Accounting (SRA) as a mean for attaining social responsiveness.

ENVIRONMENTAL REPORTING

Environmental reporting is an essential tool to communicate and fulfill the organizations' accountability towards environmental burden. This reporting framework works as a bridge where the relationship between an organization and its stakeholders is connected. An environmental disclosure consists of three categories, namely, involuntary, mandatory, and voluntary disclosures. Environmental report summarizes the information on environmental performance, such as, impact on the environment, performance in managing those impacts and contribution to ecological and sustainable development. Combining climate change through Clean Development Mechanism (CDM) project in brick making sector is facilitated by IIDFC.

GHG Emission Reduction and Energy Efficiency

Carbon Finance: A Market Based Mechanism for Combating Climate Change

To reduce the emission of greenhouse gas, IIDFC has been successfully continuing its contribution by operating its Clean Development Mechanism (CDM) project titled "Improving Kiln Efficiency in the Brick Making Industry in Bangladesh". The project has introduced energy efficient Hybrid Hoffman Kiln (HHK) technology in the sector back in 2007 jointly with UNDP and the World Bank. The CDM project designed under the Kyoto Protocol and regulated by the United Nations Framework Convention on Climate Change (UNFCCC) was also initiated to support the diffusion of environment-friendly technology in the brick making sector of the country, which is ordinarily known as one of the main air polluters.

At present, the project consists of 5 (five) operational HHK brick factories which has helped to reduce around 25,000 tons of CO₂ eq. emissions during 2021.

IIDFC distributed revenues among the brick manufacturers, who contributed to reduce 65,603 CER units during January 2018 - March 2020. The verification of the CO₂ reductions of that period has been carried out and has resulted in issuance of 65,603 CER units from UNFCCC. These CER units are committed to the Asian Development Bank (ADB) under Certified Emission Reduction Purchase Agreement (CERPA) with IIDFC in exchange of valuable foreign currency which will be shared with the participating brick factories.

In addition to the monitoring activities related to the verification, IIDFC has been coordinating occupational health safety and environmental safeguard activities. The factories ensure maintaining certain standards to comply with safeguard due diligence of ADB in their workplace under supervision of IIDFC, which is very rare in this sector. Moreover, as part of monitoring of environmental impacts on project surroundings a range of tests including ambient air, water quality and noise level has been conducted. While most of the test results have been satisfactory, necessary initiatives have been taken to redress the abnormality.

OBLIGATIONS TO THE SOCIETY AND ENVIRONMENT

The objective of the organization is not only to maximize the profits but also to serve and protect the interests of all stakeholders.

This reporting improves the transparency of corporate activities and their impact towards reducing environmental changes. Under the environment and social obligations, IIDFC helps prevent financing in environment hazardous industries and/or investors. It has been operated for a long time by a separate department of IIDFC for financing in Clean Development Mechanism projects and energy efficiency improvement projects. IIDFC's service coverage includes building agent in small scale CDM projects, consultancy in large scale CDM projects, coordinating and managing entity in programmatic CDM.

IIDFC has settled its obligations towards the society and environment through various initiatives.

CONTRIBUTION TOWARDS ACHIEVING SDGs

7 AFFORDABLE AND CLEAN ENERGY



GOAL 7:
Affordable and Clean Energy

IIDFC is committed to increase its credit facility in the areas of renewable energy, clean energy, energy efficiency and cleaner fossil-fuel based technology. Necessary policy reformations have been completed to encourage savings of electricity, paper and other resources.

8 DECENT WORK AND ECONOMIC GROWTH



GOAL 8:
Decent Work and Economic Growth

The focus of financial activities of IIDFC is to create jobs and to bring sustainable economic growth to the people. IIDFC has been a trusted partner in creating young entrepreneurs by offering a range of products under the Small and Medium Enterprise Finance section. Moreover, under the CDM project a significant number of permanent jobs including women employment have been created, which has enabled significant improvement of the lifestyles for the rural people.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



GOAL 9:
Industry, Innovation and Infrastructure

IIDFC has continued its support towards industrial and infrastructural development of the country through its innovative financial products for the last 20 years. IIDFC believes that innovative business ideas are key to gain sustainable industrial growth for the country and community.

10 REDUCED INEQUALITIES



GOAL 10:
Reduced inequality

The core of the policies and regulations of IIDFC is to provide equal opportunity to everyone regardless of who they are and where they come from. IIDFC acknowledges the necessity of regulations in financial markets and institutions to reduce income inequality as a global challenge that requires global attention.

11 SUSTAINABLE CITIES AND COMMUNITIES



GOAL 11:
Sustainable Cities and Communities

IIDFC has incorporated necessary due-diligences in the financing procedures to ensure sustainable growth of industry and infrastructures.

13 CLIMATE ACTION



GOAL 13:
Climate Action

IIDFC's CDM Project has directly mitigated emission of around 25,000 tons of CO₂ in 2021. With a view to limiting the global mean temperature under 1.5 degrees and thus avoid the worst effects of climate change IIDFC shall remain open to collaborate with development financial institutions and other relevant organizations to bring innovative and sustainable technologies to Bangladesh and expand participation in carbon trading market.

INTEGRATED REPORTING

Integrated reporting is also an important tool in improving the understanding of the relationship between financial and non-financial factors that determine a company's performance and of how a company creates sustainable value in the longer term. This report is intended for all stakeholders, including shareholders, employees, customers, suppliers, business partners, local communities, regulators and policy makers. IIDFC's integrated report follows the guidelines of Integrated Reporting Checklist of the Institute of Chartered Accountants of Bangladesh (ICAB) which resembles the International Integrated Reporting Council.

Integrated reporting has two major concepts, i.e. value creation and materiality. Integrated reporting also showcases how a company utilizes its capital to add value to the business. Further discussion on integrated reporting is furnished on "Integrated Report". (Page- 08)





CORPORATE GOVERNANCE

Corporate Governance is a combination of policies, practices and processes within the organization through which it is operated and controlled. The main objective of Corporate Governance is to minimize conflicts of interest among stakeholders so that stakeholders' value is maximized.

Corporate Governance deals with the interactions among various stakeholders (Shareholders, Board of Directors and Management) in shaping corporate performance. At IIDFC, the Board of Directors provide strategies and policies to promote transparent business models, responsible lending policies and prudent investment guidelines to be followed by the management for performance excellence.

IIDFC reviews its governance tools and guidelines regularly to ensure that these remain appropriate and in line with regulatory requirements and changing business environment. The Board of Directors regularly follows developments in this regard and adopt appropriate Corporate Governance practices and policies to excel stakeholders' benefit.



Chairman	Mr. Syed Mahbubur Rahman
Vice Chairman	Mr. Selim R. F. Hussain Managing Director & CEO, BRAC Bank Limited
Directors	Mr. Md. Matiul Islam, FCA Director, IIDFC Limited
	Mr. Md. Afzal Karim CEO & Managing Director, Sonali Bank Limited
	Mr. Md. Abdus Salam Azad FF CEO & Managing Director, Janata Bank Limited
	Mr. Md. Abul Hossain Managing Director, ICB
	Mr. Md. Mehmood Husain Managing Director, National Bank Limited
	Mr. Sheikh Mohammad Maroof AMD & Chief Business Officer, The City Bank Limited
	Mr. Abu Zafore Md. Saleh Additional Managing Director, ONE Bank Limited
	Mr. Md. Sazzad Hossain Deputy Managing Director, Bank Asia Limited
	Mr. Syed M. Altaf Hussain Chairman, Pragati Insurance Limited
	Mr. Kamal Uddin Ahmed Director, Eastland Insurance Company Limited
	Mr. Md. Kazim Uddin CEO, National Life Insurance Company Limited
Managing Director	Mr. Md. Golam Sarwar Bhuiyan

The Board of IIDFC is responsible for formulation of overall planning, policies, strategies and managing the Company as well as overseeing its general business activities. The Board's actions and decisions are taken in the best interests of the Company, which include the interest of shareholders, employees, customers and other stakeholders. Its aim is to create sustainable value for the stakeholders. The Board approves annual budget, business plan and provide guidance on regular basis. To address the affairs of the Company, the Board is guided by:

- i. Corporate Governance Code of Bangladesh Securities and Exchange Commission (BSEC);
- ii. The Companies Act 1994;
- iii. Memorandum and Articles of Association of IIDFC;
- iv. Rules and regulations issued by Bangladesh Bank; and
- v. Other relevant laws and regulations.

Meeting of the Board

The Board held 07 (Seven) meetings in the year under reporting. Meetings were conducted in compliance with the Companies Act 1994. The actions and decisions were taken for the best interest of the Company and Stakeholders. Directors' attendance in the above Board Meetings is shown in **Appendix-A** . (Page- 200)

The Chairman

Role and responsibilities

The Chairman plays a crucial role for proper functioning of the Board of Directors. The role and responsibilities of the Chairman are outlined in compliance with DFIM Circular No 07 dated 25 September 2007 issued by Bangladesh Bank and Corporate Governance Notification issued by BSEC.

The prime role and responsibilities of the Chairman are:

- i. planning and conducting Board meeting under his leadership to ensure proper information to the Board;
- ii. supporting Managing Director to reach the goal through formulation of necessary business strategy;
- iii. ensuring effective communication with the Shareholders, Board of Directors, employees, Government and its agencies, depositors, investors, suppliers and other stakeholders;
- iv. linking Member of the Board and management along with Company Secretary to fix agenda of Board Meeting; and
- v. engaging all the Board members actively.

The Chairman, however, does not participate in or interfere into the administrative or operational affairs of the Company since he does not personally possess the jurisdiction to apply executive authority.

Roles and responsibilities of Board

The Board of Directors is appointed to act on behalf of the Shareholders to formulate policy, guideline and oversee the affairs of the Company. They are directly accountable to the Shareholders and Stakeholders. The Directors present a report each year before the Shareholders in the Annual General Meeting (AGM) on the performance of the Company. The report also includes industry outlook and possible future developments, internal and external risk factors, threat to sustainability, etc. The Board carries out its role and responsibilities based on the Bangladesh Bank's DFIM Circular no. 07 dated 25 September 2007. The key role and responsibilities of the Board are:

Roles of the Board of Directors

a) Establish vision, mission and values

- i. Determine Company's vision and mission to guide and set its current operations and future development strategy.
- ii. Determine the values to be promoted in the Company.
- iii. Determine and review Company's goals.
- iv. Determine Company's policies.

b) Set strategy and structure

- i. Review and evaluate present and future opportunities, threats and risks in the external environment and current and future strengths, weaknesses, opportunities and risks relating to the Company.
- ii. Determine business strategies that support Company's plan.
- iii. Ensure that the Company's organizational structure and capability are appropriate for implementation of those strategies.

c) Delegation of Authority

- i. Delegate authority to management, monitor and evaluate the implementation of policies, strategies and business plans.
- ii. Determine monitoring criteria to be used by the Board.
- iii. Ensure that internal controls are effective.

d) Exercise accountability to Shareholders and Stakeholders

- i. Ensure that communications both to and from Shareholders and Stakeholders are effective.
- ii. Safeguard the interests of Shareholders and Stakeholders.
- iii. Stimulate goodwill of the Company to support Shareholders and Stakeholders.

Responsibilities of Directors

The prime responsibilities of the Directors are:

- i. overseeing implementation of IIDFC's strategic objectives, corporate governance framework and corporate culture by the management;
- ii. ensuring Company's prosperity through directing Company's affairs as well as meeting interests of its Shareholders and Stakeholders;
- iii. overseeing implementation of risk management, internal control and compliance system in line with Bangladesh Bank's Core Risk Guidelines;
- iv. approval and monitoring of investments of the Company;
- v. reviewing of operational budget and performance of the Company, approval of budget, financial statements, purchase or acquisition of property or assets;
- vi. recommendation for appointment or removal of external auditors and determination of the terms of appointment of the external auditors;
- vii. appointment of Managing Director and fixation of his/her terms of appointment including package and facilities subject to Bangladesh Bank's approval;
- viii. approving budget of CSR and taking steps for proper implementation;
- ix. reviewing Company's Human Recourse Policy;
- x. selection, nomination and removal of directors.

The Board duly complies with the guidelines issued by Bangladesh Bank, BSEC, the Companies Act 1994, the Financial Institutions Act 1993 and other applicable rules and regulations.

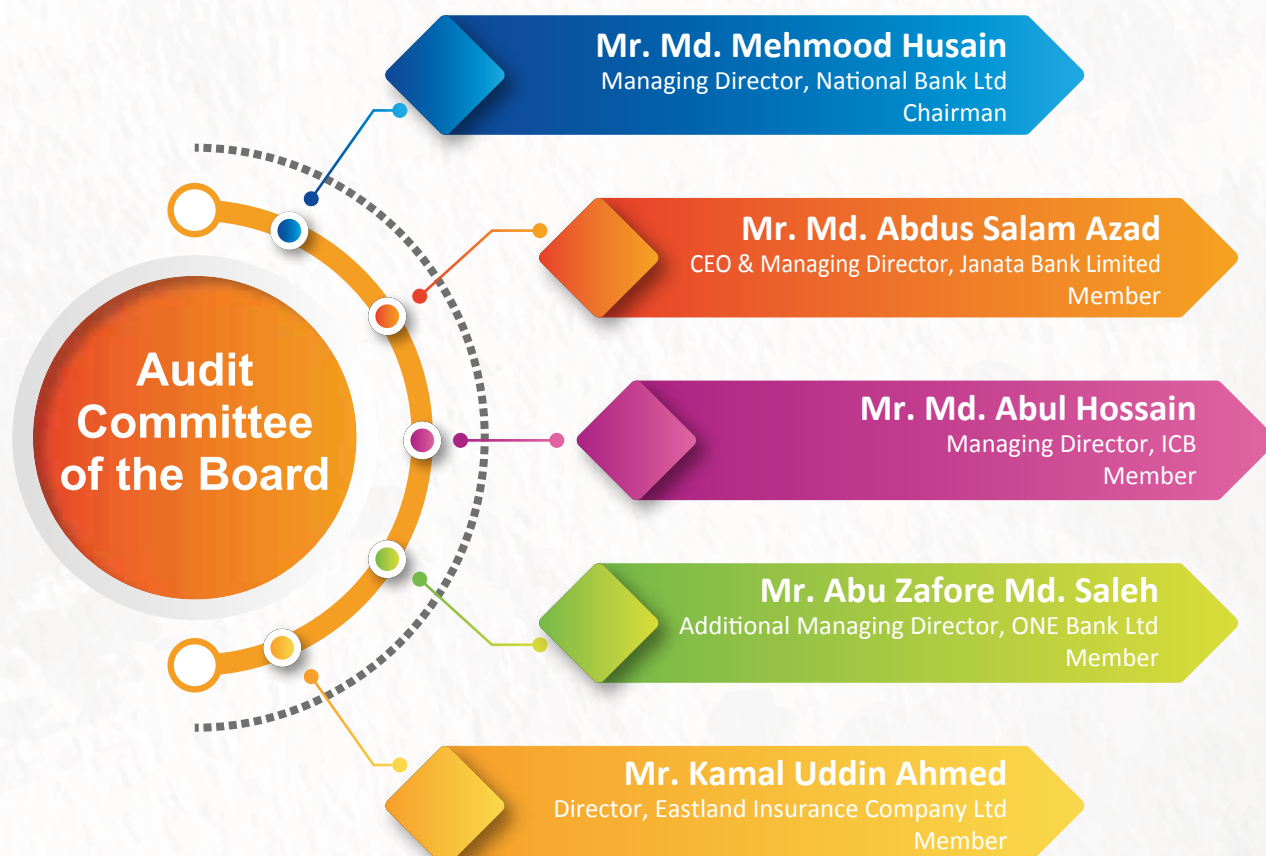
The Managing Director

The Managing Director (MD) of IIDFC performs his duties with the highest level of integrity and transparency for the benefit of the shareholders and other stakeholders. He also carries out business and affairs of the Company in an ethical manner and in full compliance with the relevant laws and regulations. As chief executive of the company he is primarily responsible for overseeing Company's day-to-day operations. The MD discharges his responsibilities in terms of the financial, business and administrative authorities vested upon him by the Board and in compliance with DFIM Circular No 07 dated 25 September 2007 issued by Bangladesh Bank. Furthermore, he is responsible for mapping medium to long-term plans and implements the policies and decisions of the Board, as well as coordinates the development and implementation of business and corporate strategies. MD is accountable to the Board and its Committees to run and manage the Company in accordance with approved policies, principles and strategies established by the Board of Directors and rules, regulations and guidelines of Bangladesh Bank and other regulatory authorities.

The Audit Committee

The Audit Committee of IIDFC assists the Board in fulfilling its overall responsibilities for financial reporting process, internal control system, audit process and the Company's adherence with related laws and regulations and the code of conducts. The Committee carries out its functions based on the Terms of Reference (ToR) as mentioned in the Bangladesh Bank's DFIM Circular # 13, dated October 26, 2011. The Committee constituted by the Board and consists of 5 (Five) members and plays its role accordingly. They have adequate expertise and have good understanding about IIDFC's operations and related risk associates therewith. The Chairman of the Audit Committee is a distinguished banker with high level of experience in this area. The committee reviews the plan of internal and external auditors, the effectiveness of audit, and the independence and objectivity. In 2021, the committee held 4 (four) meetings.

The Composition of members of the Audit Committee is as follows:



Role of the Audit Committee

a) Internal Control

- i. Evaluate whether management is setting the appropriate compliance culture by communicating the importance of internal control and risk management ensuring that all employees understand their role and responsibilities.
- ii. Review of the appropriateness of Management Information System (MIS) including Information Technology (IT) system and its application.
- iii. Review whether internal control strategies recommended by internal and external auditors have been implemented by the management.
- iv. Evaluate the existing risk management procedures for ensuring an effective internal check and control system.
- v. Reports relating to fraud, forgery, deficiencies in internal control or other similar issues detected by internal and external auditors and inspectors of the regulatory authorities and place it before the board after reviewing the corrective measures taken by the management.

b) Financial Reporting

- i. Review the audited financial statements with management and the external auditors to ensure that the financial statements are fairly presented in conformity with the accounting standards set by the regulatory authorities in all material aspects.
- ii. Regular meeting with management and the external auditors to review the financial statements before finalization.
- iii. Attends in AGM to answer the questions regarding financial statements and audit.

c) Internal Audit

- i. Review the activities of the internal audit team in relation to organizational structure and ensure that no unjustified restrictions or limitations are made.
- ii. Examines the efficiency and effectiveness of internal audit function.
- iii. Review whether the findings and recommendations made by the internal auditors are duly considered by the management.
- iv. Recommendation to the Board regarding change of accounting policies.
- v. Evaluate adequacy and effectiveness of IIDFC's system of internal controls and risk management procedures.

d) External Audit

- i. Review the activities of the external auditors and their audit reports.
- ii. Review whether the findings and recommendations made by the external auditors are duly considered by the management or not.
- iii. Recommendation to the Board regarding appointment of external auditors.

e) Regulatory Compliance

Review whether the laws and regulations enacted by the regulatory authorities (Bangladesh Bank and other regulatory agencies) and internal regulations approved by the Board have been complied with.

f) Miscellaneous

- i. Placement of reports before the Board of Directors regarding rectification/correction status of errors, fraud, forgery and others irregularities identified by internal & external auditors and Bangladesh Bank's inspection team on quarterly basis.
- ii. Performs other supervisory activities as assigned by the Board of Directors along with evaluating Committee's own efficiency on regular interval.

Executive Committee of the Board

The Board of Directors of IIDFC has formed the Executive Committee of the Board with five members in its 226th Meeting held on September 29, 2020. The Company Secretary acts as the secretary of the Committee.

Role of the Executive Committee

The key role and responsibilities of Executive Committee are:

- i) To decide or act in those cases as instructed by the Board of Directors that are not specifically assigned on full board through the Financial Institutions Act 1993 and other laws and regulations.
- ii) To take all necessary decision within power delegated by the Board of Directors including the following:
 - a. Approval of all business proposals/investments (non-syndication) to clients up to BDT 150.00 million.
 - b. All renewal, change of fees, rate review, restructuring and extension of moratorium period for the existing facility.
 - c. Any amount of waiver of interest expense, overdue interest, interest capitalized, penal interest and other charges.
 - d. Change of collateral/ security or replacement of the existing one with new security/ collateral.
 - e. Release of collateral security for adjustment of partial facility amount.
 - f. Change of leased assets, if the proposed new asset is of the same/superior quality and value.
 - g. Directorship change and name change of the borrowing concern.
 - h. Change in the signatory for any purpose.
 - i. Approval of Credit Line/Term Loan, Overdraft and Security overdraft with Bank's and FI's.
 - j. Approval of opening and relocation of office/ branch within the country.
- iii) To act in accordance with the directions and requirements as defined by the Board from time to time.
- iv) To review and update this Terms of Reference and recommend to the Board necessary changes, if any, for approval.
- v) All decisions taken in the Executive Committee should be ratified in the next board meeting.

The Composition of the Executive Committee is as follows:



MANAGEMENT COMMITTEE AND IT'S SUB-COMMITTEES

Management Committee (MANCOM)
Managing Director - Head of the Committee
Head of Corporate Finance - Member
CFO & Company Secretary - Member
Head of Treasury - Member
Head of SME - Member
Head of Structured Finance - Member
Head of SAM - Member
Head of Operations - Member
Head of CRM - Member
Head of IT - Member
Head of ICC - Member

Asset Liability Management Committee

Managing Director- Head of the Committee
 Head of Corporate Finance- Member
 CFO & Company Secretary- Member
 Head of Treasury- Member Secretary
 Head of SME- Member
 Head of Structured Finance- Member
 Head of CRM - Member

Risk Management Forum

Managing Director - Chief Risk Officer
 Head of Corporate Finance - Member
 CFO & Company Secretary - Member
 Head of Treasury - Member
 Head of SME - Member
 Head of Operations - Member
 Head of CRM - Member
 Risk Analysis Unit - Member Secretary

BASEL Implementation Unit

Managing Director- Head of the Committee
 Head of Corporate Finance- Member
 CFO & Company Secretary- Member
 Head of SME- Member
 Head of CRM - Member

Central Compliance Unit

CAMLCO- Head of the Committee
 Head of Corporate Finance- Member
 Head of SME- Member
 Head of Treasury- Member
 Head of CRM - Member
 DCAMLCO- Member Secretary

Besides this, IIDFC has other Committees, such as- Credit Appraisal Committee, Procurement Committee, Tender Evaluation Committee, Ethics Committee, ICT Steering Committee, ICT Security Committee and ICT Risk Management Committee etc. according to Bangladesh Bank circular and guideline.

ETHICS AND CODE OF CONDUCT GUIDELINE

IIDFC has a Code of Conduct to guide all employees in discharging their duties and in dealing with customers, colleagues and related authorities. It also sets out the standards of good financial transaction practices that all employees must observe. As per the 'Ethics and Code of Conduct Guidelines' for IIDFC's employees, all have to maintain the code of conduct and demonstrate highest ethical standards. These are the core values that IIDFC's personnel must follow. Any known or suspected incidents of illegal/unacceptable/undesirable conduct are viewed with zero tolerance. Our core behaviors encourage our employees to speak up and have open and honest conversations.

Code of Conduct for Employees

The following issues must be addressed:

- Ensure pleasant working environment in terms of well defined compensation package, goal orientated and performance based job description;
- Provide scope for both professional and career development of the employees;
- Well designed and well maintained working environment as well as procedures to make it reasonably and promptly responsive to the customer needs, along with compliance of legal and regulatory requirements;
- Appropriate training for the employees so that they can discharge their duties efficiently;
- Addressing of other issues which will uphold and embolden the image of the company in an ethical way.

Employee Compliance and Responsibilities

The employees should:

- Protect all confidential information, whether it relates to the company itself or the co-workers, customers, suppliers or others the company does business with.
- Protect all company assets including: information, intellectual property, physical, technological and financial assets and business relationships.
- Comply with Company's rules in public communications, including the use of electronic communications and social media.
- Be accurate and complete in recordkeeping and comply with all internal controls, policies and procedures.
- Be cautious about the intellectual property rights of others.
- Not provide any information to third party without prior approval of competent authority.
- Not accede to or use customers' information excepting related business purposes.
- Protect the confidentiality and security of customer information.
- Not disclose any information of govt. agencies without prior approval of competent authority.
- Keep information about the purchase of goods or services confidential and price quoted, methods, business policy etc. of the vendors should not be disclosed.
- Adhere to proper etiquette and dress code.
- Follow all company procedures regarding document maintenance, retention and destruction.
- Assume information is confidential unless it known otherwise.
- Refrain from acting on the company's behalf in any transaction or relationship where the employees' families have a significant personal connection or financial interest.
- Act in a way so that their activities outside IIDFC are not reflected adversely on IIDFC or triggers a conflict of interest.
- Handle their personal finances responsibly, ethically and in compliance with the law.
- Refrain from seeking or provide recommendations of fellow employees, customers or suppliers of IIDFC without authorization.

- Refrain from using their positions at IIDFC to gain any type of personal benefit or advantage in a business decision or transaction.
- Know when it's appropriate to give and accept gift and when it's not and should keep in mind that some gifts are not appropriate under any circumstances.
- Apply own judgment and ethical concerns in using organization's phones, electronic mail or computing systems for personal requirement.
- Refrain from using company Letter Head for personal correspondence.
- Be aware of the responsibilities they have toward IIDFC even after the end of employment.
- Treat others with dignity, and respect the diversity of cultures, backgrounds and experiences that make up the workforce.
- Report immediately about violations, harassment or discrimination policies whenever these came to their knowledge.
- Be alert to and report any activity that could pose a threat to the physical security of employees or individuals doing business in the Company.
- Do their part to promote a safe, alcohol-free and drug-free workplace.
- Feel free to be involved in the political process and exercise their rights as a citizen, but must make sure political activities and contributions comply with the law and company policies.
- Refrain from involving the company in any political activities or using company resources in connection with political activities.
- Comply with all applicable environmental laws and regulations.
- Cooperate as directed with any investigation, inquiry, examination or litigation related to the company's business.
- Report any breach in "IIDFC Code of Conduct and Ethics" and reach out to the ethics committee for guidance.



Human Capital

An organization runs with active participation of its employees who contribute in their own way towards the organization's success and productivity. Employees spend maximum part of their day in workplace and strive hard to achieve the goals and objectives of the organization. Employees ought to be motivated from time to time so that they develop a sense of attachment towards their organization and deliver their best. Knowledge and expertise which employees develop in due course of time can be well applied for further increase in productivity of organizations.

Management of Human Capital

Human Capital management plays an important role in increasing the efficiency of employees. Accordingly, IIDFC considers its human resources as the most valuable capital of the Company as they are playing vital role in achieving IIDFC's mission, vision, goals and objectives. To ensure long term sustainability, IIDFC has a special focus on skill and merit-based recruitment and selection process, highly competitive remuneration package, adequate training and development programs, career growth with succession planning, high performance culture and pleasant working atmosphere.

IIDFC applies human capital management for:

- i. hiring the right talent;
- ii. orienting human resources to the organization;
- iii. training employees in order to constantly upgrade their skills;
- iv. retaining employees;
- v. making employees self-sufficient and prepare them for facing adverse conditions; and
- vi. developing skill of employees which help them stand apart from the rest.

Merit Based Hiring

Merit based hiring is a process of determining whether job seekers have the skills, abilities and knowledge deemed to be most suitable for the job. IIDFC applies following process for appointing human resources on merit basis:

- i. proper evaluation and verification of minimum qualifications specifically related to the duties and responsibilities of the individual position;
- ii. examination of knowledge, skills, and abilities through written test and viva-voce;
- iii. relevant experiences, degrees, competencies, professional qualifications are considered as added qualification for appointment;
- iv. in case there are no applicants who clearly exceed the minimum qualifications, the matters are forwarded to the top management for review and consideration. A decision may be made to re-advertise the vacancy, if management think it fit;
- v. suitable candidates are short-listed and are invited to a written test and/or interview, after which a short-list is made for preparing a panel;
- vi. Prior to making the final assessment, HR team conducts background checks. A final assessment is based on all of the above;
- vii. HR issues job offer letter to the successful candidate, which includes the job title, type of contract, terms and conditions, salary, benefits and the date of joining; and
- viii. the selected candidate/s must accepts the job offer and return the signed copy to IIDFC.

Remuneration & Benefits

IIDFC offers attractive salary and benefit packages to its employees' along with other benefits which include:

- i. Participatory Provident Fund;
- ii. Gratuity Scheme;
- iii. Leave fare assistance;
- iv. Earn leave encashment;
- v. Interest free car loan with attractive allowance, where applicable;
- vi. Staff loan at a concessional rate;
- vii. Health insurance for the employees and their spouses and children;
- viii. Group Life insurance for the employees;
- ix. Maternity leave;
- x. Mobile allowance;
- xi. Training both in home and abroad; and
- xii. Study leave.

Performance evaluation

IIDFC applies process of evaluating the performance and qualifications of the employees in terms of the requirements of the job for which s/he is employed, for the purposes of administration including placement, selection for promotions etc. It has performance based evaluation system and reflected through financial rewards and other actions which require differential treatment among the members of a group as distinguished from actions affecting all members equally. The main purposes of performance evaluation are:

- i. Company's objectives;
- ii. Day-to-day performance;
- iii. Professional development; and
- iv. Rewards and incentives.

The performance appraisal system of IIDFC is an annual process which includes:

- i. Assessment of the financial or non-financial targets;
- ii. Assessment of the competencies of the individual in achieving job requirement;
- iii. Assessment of overall performance.

Training for Human Resource Development

Human Resources Development is focused on in-house training for both on the job and off the job for staff members. Specialized training programs in the areas of loans & advances, information technology, marketing, accounts etc. are also organized by IIDFC both in-house and outdoor on need basis. Extended training programs are organized to meet demand for new and specialized skills. IIDFC also organizes training programs abroad for the deserving officials who have good performance record with long bondage plan with the Company. IIDFC designs its courses, programs etc. regularly to meet the requirement of new skills arising out of various directives, guidelines of Bangladesh Bank and other regulatory bodies.

Promotion, increment and incentive

IIDFC always values efficiency as a tool of strength of Human Capital. Accordingly, the Board of Directors approved and enacted various motivational benefits and policies besides regular pay scale in order to ensure maximum efficiency of employees for maximizing job satisfaction. IIDFC have promotion, increment and incentive bonus plan for eligible executives to motivate, inspire and help to develop them for greater achievement of the individual and organizational goals as a whole.



Succession Planning

Succession planning known as "replacement planning," ensures that businesses continue to run smoothly even after key staff members move on to new opportunities, retire or pass away. IIDFC apply succession planning for:

- i. informing the employees that there is a chance for advancement which can lead to higher satisfaction;
- ii. informing that the company is planning for future opportunities reinforces career development among employees;
- iii. keeping better track of the value of employees so that positions can be filled internally when opportunities arise; and
- iv. encouraging employees to think of themselves as partners for achieving company's vision.

Organogram

IIDFC introduced an organogram to illustrate the relationships among departments, superiors, and subordinates vividly and briefly on a top-down approach with a view to show the correlation among organizational units.



REPORTS & FINANCIAL STATEMENTS



Report of the Managing Director and the Chief Financial Officer

23 November, 2022

The Board of Directors
IIDFC Limited

Subject: Declaration on Financial Statements for the year ended on 31 December 2021.

Dear Sirs,

Pursuant to the condition No. 1(5) (xxvi) imposed vide the Commission's Notification No. BSEC/CMR-RCD/2006-158/207/Admin/80, dated 03 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- 1) The Financial Statements of IIDFC Limited for the year ended on 31 December 2021 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
- 2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- 3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- 4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- 5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- 6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that:

- i) We have reviewed the financial statements for the year ended on 31 December 2021 and that to the best of our knowledge and belief:
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and
 - b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sd/-
Md. Golam Sarwar Bhuiyan
Managing Director

Sd/-
Lingkon Mondal, FCA
EVP- Chief Financial Officer



Independent Auditor's Report
and
Audited Consolidated and Separate Financial Statements
of
Industrial and Infrastructure Development Finance Company Limited (IIDFCL),
As at and for the year ended 31 December 2021



Independent Auditor's Report

To the Shareholders of Industrial and Infrastructure Development Finance Company Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated financial statements of Industrial and Infrastructure Development Finance Company Limited and its subsidiaries (the "Group") as well as the separate financial statements of Industrial and Infrastructure Development Finance Company Limited (the "Company"), which comprise the consolidated and separate balance sheets as at 31 December 2021 and the consolidated and separate profit and loss accounts, consolidated and separate statements of changes in equity and consolidated and separate cash flow statements for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and separate financial statements of the Company give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Company as at 31 December 2021, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 02.

Basis for opinion

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

Key Audit Matters

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

Risk	Our response to the risk
Measurement of provision for loans and advances	
The process for estimating the provision loans and advances portfolio associated with credit risk is significant and complex. For the individual analysis, these provisions consider the estimates of future business performance and the market value of collateral provided for credit transactions.	We tested the design and operating for effectiveness of key controls focusing on the following: <ul style="list-style-type: none">• Tested the credit appraisal, loan disbursement procedures, monitoring and provisioning process.• Identification of loss events, including early warning and default warning indicators.• Reviewed quarterly Classification of Loans (CL).

Risk	Our response to the risk
<p>For the collective analysis, these provisions are manually processed that deals with voluminous databases, assumptions and calculations for the provision estimates of complex design and implementation.</p> <p>At year end the Company reported total gross loans and advances of Tk. 13,926,094,156 (2020: Tk. 15,272,371,452) and provision for loans and advances of Tk. 1,469,631,110 (2020: Tk. 892,179,870).</p>	<p>Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:</p> <ul style="list-style-type: none"> • Reviewed the adequacy of the companies general and specific provisions. • Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information. • Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.

Risk	Our response to the risk
Legal and regulatory matters	
<p>We focused on this area because the Company and its subsidiaries (the "Group") operates in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict.</p> <p>These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions which have been established and other contingent liabilities.</p> <p>Overall, the legal provision represents the Group's best estimate for existing legal matters that have a probable and estimable impact on the Group's financial position.</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Group's key controls over the legal provision and contingencies process.</p> <p>We enquired to those charged with governance to obtain their view on the status of all significant litigation and regulatory matters.</p> <p>We enquired of the Group's internal legal counsel for all significant litigation and regulatory matters and inspected internal notes and reports. We also received formal confirmations from external counsel.</p> <p>We assessed the methodologies on which the provision amounts are based, recalculated the provisions, and tested the completeness and accuracy of the underlying information.</p> <p>We also assessed the Group's provisions and contingent liabilities disclosure.</p>

Risk	Our response to the risk
IT systems and controls	
<p>Our audit procedures have a focus on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and IT dependent manual controls.</p>	<p>We tested the design and operating effectiveness of the Group's IT access controls over the information systems that are critical to financial reporting. We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized. We tested the Group's periodic review of access rights.</p>



Risk	Our response to the risk
<p>Our areas of audit focus included user access management, developer access to the production environment and changes to the IT environment. These are key to ensuring IT dependent and application-based controls are operating effectively.</p>	<p>We inspected requests of changes to systems for appropriate approval and authorization. We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit.</p> <p>Where deficiencies were identified, we tested compensating controls or performed alternate procedures. In addition, we understood where relevant, changes were made to the IT landscape during the audit period and tested those changes that had a significant impact on financial reporting.</p>

Other Information

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

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of management and those charged with governance for the consolidated and separate financial statements and internal controls

Management is responsible for the preparation and fair presentation of the consolidated financial statements of the Group and also separate financial statements of the Company in accordance with IFRSs as explained in note 02, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

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

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of those books;

- (iii) the consolidated balance sheet and consolidated profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (iv) the expenditures incurred were for the purpose of the Company's business for the year;
- (v) the financial statements of the Company have been drawn up in conformity with the Financial Institutions Act, 1993 and in accordance with the accounting rules and regulations which were issued by Bangladesh Bank to the extent applicable to the Company;
- (vi) adequate provisions have been made for loans, advances, leases, investment and other assets which are, in our opinion, doubtful of recovery and Bangladesh Bank's instructions in this regard have been followed properly;
- (vii) the financial statements of the Company conform to the prescribed standards set in the accounting regulations which were issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- (viii) the records and statements which were submitted by the branches have been properly maintained and recorded in the financial statements;
- (ix) statements sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our attention;
- (x) taxes and other duties were collected and deposited in the Government treasury by the Company as per Government instructions found satisfactory based on test checking;
- (xi) nothing has come to our attention that the Company has adopted any unethical means i.e. 'window dressing' to inflate the profit and mismatch between the maturity of assets and liabilities;
- (xii) proper measures have been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank and the instructions which were issued by Bangladesh Bank and other regulatory authorities have been complied properly as disclosed to us by management;
- (xiii) based on our work as mentioned above under the auditor's responsibility section, the internal control and the compliance of the Company is satisfactory, and effective measures have been taken to prevent possible material fraud, forgery and internal policies are being followed appropriately;
- (xiv) the Company has complied with relevant laws pertaining to capital, reserve and net worth, cash and liquid assets and procedure for sanctioning and disbursing loans/leases found satisfactory;
- (xv) we have reviewed over 80% of the risk weighted assets of the Company and we have spent around 1,362 person hours for the audit of the books and accounts of the Company;
- (xvi) the Company has complied with relevant instructions which were issued by Bangladesh Bank relevant to classification, provisioning and calculation of interest suspense;
- (xvii) the Company has complied with the Financial Institutions Act, 1993 in preparing these financial statements; and
- (xviii) all other issues which in our opinion are important for the stakeholders of the Company have been adequately disclosed in the audit report.

Name of Firm : **M M Rahman & Co.**
Chartered Accountants

Signature of the Auditor : Sd/-

Name of the Auditor : **Syed Mahmud Ahmad FCA**
Senior Partner

Enrolment No. : 586

DVC : 2211270586AS734561

Dhaka, 27 November 2022

Industrial and Infrastructure Development Finance Company Limited

Consolidated Balance Sheet

As at 31 December 2021

		2021	2020
	Notes	BDT	BDT
PROPERTY & ASSETS			
Cash	3.a		
In Hand (including foreign currencies)		52,266	65,176
Balance with Bangladesh Bank and its Agent Bank(s) (including foreign currencies)		92,694,427	112,172,320
		92,746,693	112,237,496
Balance with Other Banks and Financial Institutions	4.a		
Inside Bangladesh		546,085,531	816,649,237
Outside Bangladesh		-	-
		546,085,531	816,649,237
Money at Call and Short Notice	5	-	-
Investments	6.a		
Government		-	-
Others		1,059,095,072	1,069,803,296
		1,059,095,072	1,069,803,296
Loans & Advances	7.a		
Lease Receivables		1,815,950,887	1,973,962,239
Advance for Lease Finance		44,339,980	64,339,980
Direct/ Term Finance		11,521,977,638	12,528,643,630
Secured Overdraft		48,128,571	33,047,599
Bills Discounted and Purchased		116,170,351	98,616,851
Margin Loans		2,350,630,888	2,394,645,273
		15,897,198,315	17,093,255,572
Fixed assets including premises, furniture & fixtures etc.	8.a	56,028,967	78,757,044
Other Assets	9.a	2,108,854,006	2,005,218,568
Non-banking assets	10	12,287,820	12,287,820
Total Assets		19,772,296,403	21,188,209,033
LIABILITIES & CAPITAL			
Borrowings from other banks, financial institutions & agents	11.a	5,351,478,380	5,549,341,748
Deposits & Other Accounts	12.a		
Current Deposits & Other Accounts, etc.		-	-
Bills Payable		-	-
Savings Bank Deposits		-	-
Term Deposits		9,062,128,157	10,211,531,784
Bearer Certificate of Deposits		-	-
Other Deposits		2,511,968	2,366,560
		9,064,640,125	10,213,898,344
Other Liabilities	13.a	4,038,666,425	3,222,941,184
Total Liabilities		18,454,784,930	18,986,181,276
Capital/ Shareholders' Equity			
Paid up Capital	14	1,737,770,680	1,737,770,680
Statutory Reserve	15	371,950,483	371,950,483
General Reserve	16.a	67,800,000	67,800,000
Share Money Deposit	17	-	-
Stock Dividend	18.a	-	-
Retained Earnings	19.a	(860,162,107)	24,354,513
Total Equity attributable to Shareholder of the Company		1,317,359,056	2,201,875,676
Non-controlling Interest	19.a.3	152,417	152,081
Total Liabilities & Shareholders' Equity		19,772,296,403	21,188,209,033

Industrial and Infrastructure Development Finance Company Limited

Consolidated Balance Sheet

As at 31 December 2021

		2021	2020
	Notes	BDT	BDT
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	20		
Letters of guarantee		202,396,222	203,549,122
Letters of credit		-	-
Irrevocable letter of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
		202,396,222	203,549,122
Others commitments:			
Money at call and short notice		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
		-	-
Total off-balance sheet items including contingent liabilities		202,396,222	203,549,122

The annexed notes 1 to 45 form an integral part of these financial statements

Sd/-
Chairman

Sd/-
Director

Sd/-
Managing Director

Sd/-
Company Secretary

Name of Firm :

M M Rahman & Co.
Chartered Accountants

Signature of the Auditor :

Sd/-

Name of the Auditor :

Syed Mahmud Ahmad FCA
Senior Partner
586

Enrolment No. :

DVC : 2211270586AS734561

Dhaka, 27 November 2022

Industrial and Infrastructure Development Finance Company Limited

Consolidated Profit and Loss Account For the year ended 31 December 2021

	Notes	2021 BDT	2020 BDT
A. OPERATING INCOME			
Interest income	21.a	1,054,816,685	1,972,317,738
Interest paid on deposits, borrowings etc.	22.a	(1,193,594,428)	(1,778,410,567)
Net interest income		(138,777,743)	193,907,171
Income from investment	23.a	208,721,529	43,691,563
Commission, exchange and brokerage	24.a	183,433,533	92,228,681
Other operating income	25.a	39,800,836	33,619,975
Total operating income		293,178,155	363,447,390
B. OPERATING EXPENSES			
Salaries & allowances	26.a	246,129,188	230,289,981
Rent, taxes, insurance, electricity etc.	27.a	14,705,996	19,305,563
Legal expenses	28.a	8,605,264	6,134,572
Postage, stamp, telecommunications etc.	29.a	5,980,497	5,499,328
Stationery, printing, advertisement etc.	30.a	4,746,725	4,033,219
Managing director's salary and fees	31	7,199,449	6,853,981
Directors' fees	32.a	936,000	830,000
Auditor's fees	33.a	862,500	776,250
Loans & advances written-off	34.a	175,558,034	20,968,297
Repair, depreciation and amortization of company's assets	35.a	30,791,848	33,233,380
Other expenses	36.a	46,134,559	32,810,299
Total operating expenses		541,650,060	360,734,870
C. Profit/(Loss) before provision (A-B)		(248,471,905)	2,712,520
D. Provision for loans & advances	37.a		
Specific provision		535,675,602	126,932,081
General provision		(29,657,465)	(7,729,766)
Provision for diminution in value of investments		35,114,574	(48,324,978)
Other provision		43,266,657	-
Total provision		584,399,368	70,877,337
E. Profit/(Loss) before taxes (C-D)		(832,871,274)	(68,164,817)
F. Provision for tax:			
Current tax	38.a	47,863,173	19,556,695
Deferred tax		3,781,839	(2,412,126)
Total provision		51,645,012	17,144,569
G. Profit/(Loss) after taxes (E-F)		(884,516,285)	(85,309,386)
Attributable to:			
Shareholders of the company		(884,529,546)	(85,322,311)
Non-controlling interest		13,261	12,925
		(884,516,285)	(85,309,386)
Less: Appropriations		-	-
Statutory reserve		-	-
General reserve		-	-
		-	-
Retained surplus/(Deficit)		(884,516,285)	(85,309,386)
Earnings per share (EPS)	39.a	(5.09)	(0.49)

The annexed notes 1 to 45 form an integral part of these financial statements

Sd/-
Chairman

Sd/-
Director

Sd/-
Managing Director

Sd/-
Company Secretary

Name of Firm :

M M Rahman & Co.
Chartered Accountants

Signature of the Auditor :

Sd/-

Name of the Auditor :

Syed Mahmud Ahmad FCA
Senior Partner

Enrolment No. :

586

DVC : 2211270586AS734561

Dhaka, 27 November 2022

Industrial and Infrastructure Development Finance Company Limited

Consolidated Cash Flow Statement For the year ended 31 December 2021

	2021 BDT	2020 BDT
A CASH FLOW FROM OPERATING ACTIVITIES		
Interest receipts in cash	1,062,207,153	1,996,725,789
Interest payments in cash	(1,267,928,528)	(1,845,030,611)
Dividend receipts in cash	22,101,422	19,250,916
Cash payments to employees	(234,640,666)	(209,728,907)
Cash payments to suppliers	(7,712,865)	(7,012,691)
Income taxes paid	(47,090,936)	(60,604,174)
Receipts from other operating activities	375,156,894	132,356,336
Payments for other operating activities	(72,992,706)	(76,452,497)
Cash generated from operating activities	(170,900,231)	(50,495,839)
Increase/(Decrease) in operating assets and liabilities		
Statutory deposits		
Loans and advances	1,245,749,605	3,584,968,437
Changes in other assets	(53,856,463)	(246,052,991)
Borrowings from other banks	(372,026,627)	(824,106,622)
Borrowings from other corporate and financial institutions	(1,340,803,168)	(1,750,554,747)
Deposits from customers	155,950,513	(799,118,995)
Changes in other liabilities	762,576,994	(13,131,804)
	397,590,853	(47,996,722)
Net cash (used in)/from operating activities	226,690,622	(98,492,561)
B CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of securities	1,230,464,314	406,601,979
Payments for purchase of securities	(1,742,308,711)	(442,905,389)
Purchase of property, plant and equipment	(6,747,905)	(4,378,085)
Payment against lease obligation	-	-
Proceeds from sale of property, plant and equipment	1,847,171	764,534
Net cash used in investing activities	(516,745,132)	(39,916,961)
C CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	-	-
Share Money Deposit	-	1,241,080
Net cash from/(used in) financing activities	-	1,241,080
D Net increase/(decrease) in cash and cash equivalents (A+B+C)	(290,054,509)	(137,168,442)
E Effects of exchange rate changes on cash and cash equivalents	-	-
F Cash and cash equivalents at beginning of the year	928,886,733	1,066,055,175
G Cash and cash equivalents at end of the year (D+E+F)	638,832,224	928,886,733
Cash and cash equivalents at end of the year		
Cash in hand	52,266	65,176
Balance with Bangladesh Bank and its agent bank(s)	92,694,427	112,172,320
Balance with other banks and financial institutions	546,085,531	816,649,237
Money at call and short notice	-	-
	638,832,224	928,886,733

Sd/-
Chairman

Sd/-
Director

Sd/-
Managing Director

Sd/-
Company Secretary

Name of Firm :

M M Rahman & Co.
Chartered Accountants

Signature of the Auditor :

Sd/-

Name of the Auditor :

Syed Mahmud Ahmad FCA
Senior Partner

Enrolment No. :

586

DVC : 2211270586AS734561

Dhaka, 27 November 2022

Industrial and Infrastructure Development Finance Company Limited

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

Particulars	Amount in BDT						
	Paid-up Capital	Statutory Reserve	General Reserve	Retained Earnings	Proposed Stock Dividend	Share Money Deposit	Non-controlling Interest
Balance as on 1 January 2021	1,737,770,680	371,950,483	67,800,000	24,354,513	-	-	152,081
Changes in accounting policy	-	-	-	-	-	-	-
Restated balance	1,737,770,680	371,950,483	67,800,000	24,354,513	-	-	152,081
Surplus/(deficit) on account of revaluation of properties	-	-	-	-	-	-	-
Net profit for the year	-	-	-	(884,516,285)	-	-	-
Share Money Deposit	-	-	-	-	-	-	-
Right Share Issue	-	-	-	-	-	-	-
Transfer to Non-controlling Interest (NCI)	-	-	-	(336)	-	-	336
Dividend (Stock 2018)	-	-	-	-	-	-	-
Transferred to statutory reserve	-	-	-	-	-	-	-
Transferred to general reserve	-	-	-	-	-	-	-
Balance as at 31 December 2021	1,737,770,680	371,950,483	67,800,000	(860,162,107)	-	-	152,417
							1,317,511,473

Sd/-
Chairman

Sd/-
Director

Sd/-
Managing Director

Sd/-
Company Secretary

Name of Firm :

M M Rahman & Co.
Chartered Accountants

Signature of the Auditor :

Sd/-

Name of the Auditor :

Syed Mahmud Ahmad FCA
Senior Partner

Enrolment No. :

586

DVC : 2211270586AS734561

Dhaka, 27 November 2022

Industrial and Infrastructure Development Finance Company Limited

Balance Sheet As at 31 December 2021

		2021	2020
	Notes	BDT	BDT
PROPERTY & ASSETS			
Cash	3		
In Hand (including foreign currencies)		12,622	4,597
Balance with Bangladesh Bank and its Agent Banks (including foreign currencies)		92,694,427	112,172,320
		92,707,049	112,176,917
Balance with other Banks and Financial Institutions	4		
Inside Bangladesh		318,930,769	666,594,745
Outside Bangladesh		-	-
		318,930,769	666,594,745
Money at Call and Short Notice	5	-	-
Investments	6		
Government		-	-
Others		675,573,711	677,827,534
		675,573,711	677,827,534
Loans & Advances	7		
Lease Receivables		1,815,950,887	1,973,962,239
Advance for Lease Finance		44,339,980	64,339,980
Direct/ Term Finance		11,901,504,367	13,102,404,783
Secured Overdraft		48,128,571	33,047,599
Bills Discounted and Purchased		116,170,351	98,616,851
		13,926,094,156	15,272,371,452
Fixed assets including premises, furniture & fixtures etc.	8	51,774,584	75,506,128
Other Assets	9	3,270,034,072	3,227,334,214
Non-Banking Assets	10	12,287,820	12,287,820
Total Assets		18,347,402,160	20,044,098,810
LIABILITIES & CAPITAL			
Borrowings from other banks, financial institutions & agents	11	5,150,081,282	5,522,107,909
Deposits & Other Accounts	12		
Current deposits & Other Accounts, etc.		-	-
Bills Payable		-	-
Savings Bank Deposits		-	-
Term Deposits		9,062,128,157	10,211,531,784
Bearer Certificate of Deposits		-	-
Other Deposits		2,511,968	2,366,560
		9,064,640,125	10,213,898,344
Other Liabilities	13	2,917,100,517	2,203,930,518
Total Liabilities		17,131,821,924	17,939,936,771
Capital/ Shareholders' Equity			
Paid-up Capital	14	1,737,770,680	1,737,770,680
Statutory Reserve	15	371,950,483	371,950,483
General Reserve	16	50,800,000	50,800,000
Share Money Deposit	17	-	-
Proposed Stock Dividend	18	-	-
Retained Earnings	19	(944,940,927)	(56,359,124)
Total Shareholders' Equity		1,215,580,236	2,104,162,039
Total Liabilities & Shareholders' Equity		18,347,402,160	20,044,098,810

Industrial and Infrastructure Development Finance Company Limited

Balance Sheet As at 31 December 2021

OFF-BALANCE SHEET ITEMS	Notes	2021	2020
		BDT	BDT
Contingent liabilities	20		
Letters of guarantee		202,396,222	203,549,122
Letters of credit		-	-
Irrevocable letter of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
		202,396,222	203,549,122
Others commitments:			
Money at call and short notice		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
		-	-
Total off-balance sheet items including contingent liabilities		202,396,222	203,549,122

The annexed notes 1 to 45 form an integral part of these financial statements

Sd/-
Chairman

Sd/-
Director

Sd/-
Managing Director

Sd/-
Company Secretary

Name of Firm :

M M Rahman & Co.
Chartered Accountants

Signature of the Auditor :

Sd/-

Name of the Auditor :

Syed Mahmud Ahmad FCA
Senior Partner
586

Enrolment No. :

DVC : 2211270586AS734561

Dhaka, 27 November 2022

Industrial and Infrastructure Development Finance Company Limited

Profit and Loss Account

For the year ended 31 December 2021

	Notes	2021 BDT	2020 BDT
A. OPERATING INCOME			
Interest income	21	1,006,065,037	1,951,500,767
Interest paid on deposits, borrowings etc.	22	(1,189,782,299)	(1,776,917,850)
Net interest income		(183,717,262)	174,582,917
Income from investment	23	116,662,550	25,856,102
Commission, exchange and brokerage	24	-	-
Other operating income	25	31,012,023	30,089,753
Total operating income		(36,042,689)	230,528,772
B. OPERATING EXPENSES			
Salaries & allowances	26	172,965,083	172,203,670
Rent, taxes, insurance, electricity etc.	27	6,293,747	4,659,667
Legal expenses	28	7,215,522	4,839,771
Postage, stamp, telecommunications etc.	29	3,880,062	3,502,939
Stationery, printing, advertisement etc.	30	3,832,803	3,509,752
Managing director's salary and fees	31	7,199,449	6,853,981
Directors' fees	32	792,000	632,000
Auditor's fees	33	529,000	454,250
Repair, depreciation and amortization of company's assets	35	28,644,224	29,693,209
Other expenses	36	27,477,417	22,870,320
Total operating expenses		258,829,307	249,219,559
C. Profit/ (Loss) before provision (A-B)		(294,871,996)	(18,690,787)
D. Provision for loans & advances	37		
Specific provision		535,675,602	121,401,836
General provision		(29,657,465)	(7,729,766)
Additional provision as per BB		34,065,109	-
Other provision		9,201,548	-
Provision for diminution in value of investments		34,271,249	(43,521,190)
Total provision		583,556,043	70,150,880
E. Profit before taxes (C-D)		(878,428,040)	(88,841,667)
F. Provision for tax			
Current tax	38	6,878,244	2,000,000
Deferred tax	38.1	3,275,521	(2,211,202)
Total provision		10,153,765	(211,202)
Profit after tax		(888,581,804)	(88,630,465)
Less: Appropriations			
Statutory reserve		-	-
General reserve		-	-
		-	-
Retained surplus/(Deficit)		(888,581,804)	(88,630,465)
Earnings per share (EPS)	39	(5.11)	(0.51)

The annexed notes 1 to 45 form an integral part of these financial statements

Sd/-
Chairman

Sd/-
Director

Sd/-
Managing Director

Sd/-
Company Secretary

Name of Firm :

M M Rahman & Co.
Chartered Accountants

Signature of the Auditor :

Sd/-

Name of the Auditor :

Syed Mahmud Ahmad FCA
Senior Partner

Enrolment No. :

586

DVC : 2211270586AS734561

Dhaka, 27 November 2022

Industrial and Infrastructure Development Finance Company Limited

Statement of Cash Flows For the year ended 31 December 2021

	2021 BDT	2020 BDT
A CASH FLOW FROM OPERATING ACTIVITIES:		
Interest receipts in cash	966,623,558	1,932,761,299
Interest payments in cash	(1,204,328,386)	(1,828,170,326)
Dividend receipts in cash	13,960,441	8,030,163
Cash payments to employees	(180,164,532)	(179,057,651)
Cash payments to suppliers	(7,712,865)	(7,012,691)
Income taxes paid	(12,183,506)	(43,727,075)
Receipts from other operating activities	133,714,131	47,915,692
Payments for other operating activities	(44,120,006)	(34,040,659)
Cash generated from operating activities	(334,211,164)	(103,301,248)
Increase/(decrease) in operating assets and liabilities		
Statutory deposits		
Loans and advances to other customers	1,346,277,296	3,636,436,451
Changes in other assets	(42,699,857)	(269,837,844)
Borrowings from Other Banks	(372,026,627)	(824,106,622)
Borrowings from other Corporate & FIs	(1,320,732,003)	(1,707,533,569)
Deposits from customers	171,328,376	(788,916,352)
Changes in other liabilities	708,291,755	34,983,335
Net Cash from Operating Activities	156,227,775	(22,275,850)
B CASH FLOW FROM INVESTING ACTIVITIES:		
Investments In Subsidiary	-	-
Proceeds from sale of securities	1,230,464,314	406,601,979
Payments for purchase of securities	(1,750,763,113)	(454,592,015)
Purchase of property, plant and equipment	(4,654,632)	(2,179,517)
Payment against lease obligation	-	-
Proceeds from sale of property, plant and equipment	1,591,812	760,000
Net cash used in investing activities	(523,361,620)	(49,409,553)
C CASH FLOW FROM FINANCING ACTIVITIES:		
Dividend paid	-	-
Share Money Deposit	-	1,241,080
Net cash from financing activities	-	1,241,080
D Net increase/(decrease) in cash and cash equivalents (A+B+C)	(367,133,845)	(70,444,322)
E Effects of exchange rate changes on cash and cash equivalents	-	-
F Cash and cash equivalents at beginning of the year	778,771,662	849,215,984
G Cash and cash equivalents at end of the year (D+E+F)	411,637,817	778,771,662
Cash and cash equivalents at end of the year		
Cash in hand	12,622	4,597
Balance with Bangladesh Bank and its agent bank(s)	92,694,427	112,172,320
Balance with other banks and financial institutions	318,930,769	666,594,745
Money at call and short notice	-	-
	411,637,817	778,771,662

Sd/-
Chairman

Sd/-
Director

Sd/-
Managing Director

Sd/-
Company Secretary

Name of Firm :

M M Rahman & Co.
Chartered Accountants

Signature of the Auditor :

Sd/-

Name of the Auditor :

Syed Mahmud Ahmad FCA
Senior Partner
586

Enrolment No. :

DVC : 2211270586AS734561

Dhaka, 27 November 2022

Industrial and Infrastructure Development Finance Company Limited

Statement of Changes in Equity For the year ended 31 December 2021

	Amount in BDT						
Particulars	Paid-up Capital	Statutory Reserve	General Reserve	Retained Earnings	Proposed Stock Dividend	Share Money Deposits	Total
Balance as on 1 January 2021	1,737,770,680	371,950,483	50,800,000	(56,359,124)	-	-	2,104,162,039
Changes in accounting policy	-	-	-	-	-	-	-
Restated balance	1,737,770,680	371,950,483	50,800,000	(56,359,124)	-	-	2,104,162,039
Share Money Deposit	-	-	-	-	-	-	-
Right Share Issue	-	-	-	-	-	-	-
Net profit for the year	-	-	-	(888,581,804)	-	-	(888,581,804)
Dividend (Stock 2018)	-	-	-	-	-	-	-
Transferred to statutory reserve	-	-	-	-	-	-	-
Transferred to general reserve	-	-	-	-	-	-	-
Balance as at 31 December 2021	1,737,770,680	371,950,483	50,800,000	(944,940,927)	-	-	1,215,580,236

Sd/-
Chairman

Sd/-
Director

Sd/-
Managing Director

Sd/-
Company Secretary

Name of Firm :

M M Rahman & Co.
Chartered Accountants

Signature of the Auditor :

Sd/-

Name of the Auditor :

Syed Mahmud Ahmad FCA
Senior Partner
586

Enrolment No. :

DVC : 2211270586AS734561

Dhaka, 27 November 2022

Industrial and Infrastructure Development Finance Company Limited

Liquidity Statement For the year ended 31 December 2021

Particulars	Up to 1 month maturity	1-3 months maturity	3-12 months maturity	1-5 years maturity	More than 5 years maturity	Total
ASSETS:						
Cash	12,622	-	-	-	-	12,622
Balances with Bangladesh Bank	92,694,427	-	-	-	-	92,694,427
Balances with other Banks	120,961,005	90,744,473	76,151,022	31,074,268	-	318,930,769
Money at Call and on Short Notice	-	-	-	-	-	-
Investments	238,596,289	154,384,493	178,587,379	104,005,550	-	675,573,711
Loans and Advances	1,274,582,533	3,515,397,055	4,984,098,826	3,014,785,141	1,137,230,601	13,926,094,156
Property, Plant & Equipment	3,672,854	11,651,232	22,132,301	14,318,197	-	51,774,584
Other Assets	273,450,114	532,818,368	1,101,987,589	700,161,413	661,616,588	3,270,034,072
Non-Banking Assets	-	-	-	12,287,820	-	12,287,820
Total assets	2,003,969,844	4,304,995,621	6,362,957,118	3,876,632,388	1,798,847,189	18,347,402,160
LIABILITIES:						
Borrowing from other banks, Fin. Ins. & Agents	1,270,107,564	1,247,983,466	1,304,646,015	425,885,191	901,459,046	5,150,081,282
Deposit and other accounts	494,037,067	2,339,747,938	3,587,834,817	2,325,931,275	317,089,028	9,064,640,125
Provision and other liabilities	188,160,772	567,716,333	654,152,688	423,655,739	1,083,414,985	2,917,100,516
Total liabilities	1,952,305,403	4,155,447,738	5,546,633,519	3,175,472,205	2,301,963,059	17,131,821,924
Net liquidity gap	51,664,441	149,547,884	816,323,599	701,160,183	(503,115,870)	1,215,580,236

Sd/-
Chairman

Sd/-
Director

Sd/-
Managing Director

Sd/-
Company Secretary

Name of Firm :

M M Rahman & Co.
Chartered Accountants

Signature of the Auditor :

Sd/-

Name of the Auditor :

Syed Mahmud Ahmad FCA
Senior Partner
586

Enrolment No. :

DVC : 2211270586AS734561

Dhaka, 27 November 2022

Industrial and Infrastructure Development Finance Company Limited

Notes to the Consolidated and Separate Financial Statements

As at and for the year ended 31 December 2021

1.0 Reporting entity and its activities

1.01 Company's profile

Industrial and Infrastructure Development Finance Company (IIDFC) Limited, a public limited company was incorporated on 19th December, 2000 as a development financial institution to boost investment specially in the spectrum of industrial and infrastructure development. The Company was licensed by Bangladesh Bank on the 23rd January, 2001 to start financing business in Bangladesh. The registered office of the Company is situated at Chamber Building (2nd, 6th & 7th Floor), 122-124, Motijheel C/A, Dhaka-1000, Bangladesh.

1.02 Principal activities and nature of operation

IIDFC offers financial services that include promotion and term financing of financially viable industrial undertakings & infrastructure projects, lease financing for all type of machineries and equipment including vehicles for industrial and commercial purposes, financial packaging for syndicated fund arrangement including cross-border syndication, acquisition or takeover of public sector enterprises, financial or otherwise, stated for privatization and SME financing. The Company is also involved in factoring finance, work-order finance, bill discounting and home loan etc.

1.03 Subsidiary Companies

IIDFC Securities Limited

IIDFC Securities Limited (the Company), a wholly owned subsidiary company of Industrial and Infrastructure Development Finance Company (IIDFC) Limited was incorporated as a public limited company in Bangladesh bearing certificate of incorporation no. C-83521/10 dated 28/03/2010 under the Companies Act- 1994 having its registered office at PFI Tower (Level-3), 56-57, Dilkusha C/A, Dhaka-1000.

The main objectives of the Company for which it was established are to carry out of the business of securities management and stock brokerage, custodian services, investment and asset management, portfolio management, capital market operations and other non-banking financial services including advisory services, mergers and acquisitions, equity investment, joint venture sourcing, corporate finance and restructuring, financial and socio economic consultancy, corporate research and project, studies, privatization and other related services.

IIDFC Capital Limited

IIDFC Capital Limited (the Company) is a public company, limited by shares was incorporated in Bangladesh on 30th November 1995 vide certificate of incorporation no. C-H.C 2097 in the name of South Asia Capital Limited which was acquired by Industrial and Infrastructure Development Finance Company (IIDFC) Limited a non-banking financial institution on 10th December 2009 and renamed as IIDFC Capital Limited. The principal activities of the Company for which it was established include the business of issue management, portfolio management, corporate counselling, investment counselling, capital structuring, etc.

2.0 Basis of preparation and significant accounting policies

2.01 Basis of preparation

The Financial Statements have been prepared on the basis of going concern concept and basically on accrual method under historical cost convention in accordance with Generally Accepted Accounting Principles (GAAP) and after due compliance with International Accounting Standards(IAS)/International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by The Institute of Chartered Accountants of Bangladesh (ICAB) vide letter no 1/1/ICAB-2017 dated 14 December 2017, the Financial Institution Act, 1993, the Companies Act, 1994 and other applicable laws and regulations.

Statement of compliance

The consolidated financial statements and separate financial statements of the Company have been prepared on a going concern basis following accrual basis of accounting except for cash flow statement and investment in marketable securities which are recorded in cost price (Comparing with market value) in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRSs) as adopted in Bangladesh by the Institute of Chartered Accountants of Bangladesh, except the circumstances where local regulations differ, and the Companies Act, 1994, the Financial Institutions Act, 1993, Bangladesh Securities and Exchange Commission guidelines and other applicable laws and regulations.

The presentation of the financial statements has been made as per the requirements of DFIM Circular No: 11, dated 23 December 2009 issued by the Department of Financial Institutions and Markets (DFIM) of Bangladesh Bank. The activities and accounting heads mentioned in the prescribed form, which are not applicable for the financial institutions, have been kept blank in the financial statements.

The requirements of accounting standards as per IFRS that have been departed to comply with Bangladesh Bank requirements have been disclosed in detail. However, this departure with IFRS has been made by following all of the relevant provisions of IAS-1 and the details disclosures are given in Note-2.01.01 by following the provision of IAS-1 (Presentation of Financial Statements).

2.01.01 Disclosure of departure from few requirements of IFRS due to mandatory compliance of Bangladesh Bank's requirements

The consolidated financial statements and separate financial statements of the Company have been prepared on a going concern basis following accrual basis of accounting except for cash flow statement and investment in marketable securities which are recorded in cost price (Comparing with market value) in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRSs) as adopted in Bangladesh by the Institute of Chartered Accountants of Bangladesh, except the circumstances where local regulations differ, and the Companies Act, 1994, the Financial Institutions Act, 1993, Bangladesh Securities and Exchange Commission guidelines and other applicable laws and regulations.

SL.	Nature of Departure	Title of IFRS	Treatment of IFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
1.	Measurement of provision for leases, loans and advances (financial assets measured at amortized cost)	IFRS 9 Financial Instruments	An entity shall assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets measured at amortized cost is impaired. If any such evidence exists, expected credit losses are required to be measured through a loss allowance at an amount equal to: a) the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or b) full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).	As per FID circular No. 08, dated 03 August 2002, FID circular No. 03, dated 03 May 2006 and FID 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 irrespective of objective evidence of impairment on lease, loans and advances. Also provision for sub-standard investments, doubtful investments and bad losses has to be provided at 20%, 50% and 100% respectively for investments depending on the duration of overdue.	In Financial Statements, as at 31 December 2021, accumulated provision for leases, loans and advances stand at BDT 1,340.26 million
2.	Valuation of Investments in quoted and unquoted shares	IFRS 9 Financial Instruments	Investment in shares falls either under at "fair value through profit/ loss (FVTPL)" or "fair value through other comprehensive income (FVTOCI)" where any change in the fair value in case of FVTPL at the year-end is taken to profit or loss, and any change in fair value in case of FVTOCI is taken to other comprehensive income.	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; however in case of any unrealized gain, no such gain can be recognized and investments are recognized at cost only.	During this year total market value of all shares are less than the cost price of all shares. In Financial Statement, as at 31 December 2021, Provision for diminution in value of investments stands BDT 122.19 million.

3.	Recognition of interest income for SMA and classified lease, loans and advances	IFRS 9 Financial Instruments	Income from financial assets measured at amortized cost is recognized through effective interest rate method over the term of the investment. Once a financial asset is impaired, investment income is recognized in profit and loss account on the same basis based on revised carrying amount.	As per FID circular No. 03, dated 03 May 2006, once an investment on leases, loans and advances is termed as "Special Mention Account (SMA)", interest income from such investments are not allowed to be recognized as income, rather the respective amount needs to be credited as a liability account like: interest suspense account.	As at 31 December 2021, in Financial Statements interest suspense account was BDT 656.97 million whereas last year was Taka 421.23 million. This amount has been shown in other liabilities.
4.	Presentation of cash and cash equivalent	IAS 7 Statement of Cash Flows	Cash equivalent are short term, highly liquid investments that are readily convertible to known amounts of cash and only include those investments which are for a short tenure like: 3 months or less period. In the light of above, balance with Bangladesh Bank and fixed term deposits should be treated as investment asset rather than cash equivalent as it is illiquid asset and not available for use in day to day operations.	Bangladesh Bank has issued templates for financial statements vide DFIM Circular No. 11, dated 23 December 2009 which will strictly be followed by all banks and NBFIs. The templates of financial statements provided detail presentation for statement of cash flows.	Financial Statements for 2021 and corresponding year 2020 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank.
5.	Measurement of deferred tax asset	IAS 12 Income Tax	A deferred tax asset shall be recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized.	As per DFIM circular No. 7, dated 31 July 2011, no deferred tax asset can be recognized for any deductible temporary difference against lease, loans and advances.	During this year there is no impact in the financial statements due to this departure as the Company did not consider any deductible temporary difference against leases, loans and advances.
6.	Presentation and disclosure of Financial Statements and Financial Instruments	IAS 1 "Presentation of Financial Statements" IFRS 9 "Financial Instruments" & IFRS 7 "Financial Instruments: Disclosure"	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. IAS 1 requires separate line item for intangible assets on the face of statement of financial position. IFRS 7 requires specific presentation and disclosure relating to all financial instruments.	Bangladesh Bank has issued templates for financial statements vide DFIM Circular No. 11, dated 23 December 2009 which will strictly be followed by all banks and NBFIs. 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 include in a Single Comprehensive Income Statement. Intangibles assets are not separately presented on the face of statement of financial position; rather it is presented along with the line item of fixed assets. As per Bangladesh Bank guidelines, financial instruments are categorized, recognized and measured differently from those prescribed in IFRS-9. As such some disclosure and presentation requirements of IFRS 7 has not been made in the accounts.	Financial Statements of 2021 and corresponding year 2020 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank.
7.	Preparation of Statement of Cash Flows	IAS 7 Statement of Cash Flows	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.	As per DFIM Circular No. 11, dated 23 December 2009, Cash flow statement has been guided by the Bangladesh Bank which is the mixture of direct and indirect method.	Financial Statements of 2021 and corresponding year 2020 have been prepared as per guideline (DFIM Circular No. 11 dated 23 December 2009) of Bangladesh Bank.

8.	Current/Non-current distinction	IAS-1 Presentation of Financial Statement	As per Para 60 of IAS-1 "Presentation of Financial statement" An entity shall present current and non-current assets and current and non-current liabilities as separate classification in its statement of financial position.	As per DFIM Circular No. 11, dated 23 December 2009, Bangladesh Bank has issued templates for financial statements which is applicable for all the Financial Institutions. In this templates there is no current and non-current segmentation of assets and liabilities.	Financial Statements of 2021 and corresponding year 2020 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank. Moreover, the liquidity statement shows the aging profile of all financial assets and liabilities from where current/non-current portion of assets and liabilities can be obtained.
9.	Off-balance sheet items	IAS 1 Presentation of Financial Statements	There is no concept of off-balance sheet items in any IFRS; hence there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.	As per DFIM Circular No. 11, dated 23 December 2009, off-balance sheet items (e.g. letter of credit, letter of guarantee etc.) must be disclosed separately on the face of the balance sheet.	Financial Statements of 2021 and corresponding year 2020 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank.
10.	Impairment of Margin Loan (Loans and receivables)	IFRS 9 Financial Instruments	Measurement after initial recognition at amortized cost and recording of changes through profit and loss.	As per Bangladesh Securities and Exchange Commission (BSEC) Circular No. SEC/CMRRCD/2009-193/196 dated 28 December 2016, provisions for the year 2016 on impairment of principal portion of margin loan may be kept at 20% on each quarter for the five quarters starting from December 2016.	There is no such impact for this. However, we have been maintaining provision for unrealized loss (if any) of margin loan in the portfolio at higher rate than the requirement.
11.	Complete set of financial statements	IAS 1 Presentation of Financial Statements	As per IAS 1: "Presentation of Financial Statements" complete set of financial statements are i) statement of financial position, ii) statement of profit or loss and other comprehensive income, iii) statement of changes in equity, iv) statement of cash flows, v) notes, comprising significant accounting policies and other explanatory information and vi) statement of financial position at the beginning of preceding period for retrospective restatement.	As per DFIM Circular No. 11, dated 23 December 2009, complete set of financial statements are i) balance sheet, ii) profit and loss account, iii) statement of cash flows, iv) statement of changes in equity, v) statement of liquidity, vi) notes, comprising significant accounting policies and other explanatory information.	Financial Statements of 2021 and corresponding year 2020 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank. There is no financial impact for this departure in the financial statements.
12.	Intangible asset	IAS 1 Presentation of Financial Statements	As per IAS 1: "Presentation of Financial Statements" para 54: the statement of financial position shall include separate line item for intangible assets.	As per DFIM Circular No. 11, dated 23 December 2009, there is no option for separate line item for intangible asset in the balance sheet. However, we present intangible asset in the balance sheet as part of fixed assets and provide details in annexure-A as separate line item.	Financial Statements for 2021 and corresponding year 2020 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank. There is no financial impact for this departure in the financial statements.

13.	Other comprehensive income	IAS 1 Presentation of Financial Statements	As per IAS 1: "Presentation of Financial Statements" Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single OCI statement.	Bangladesh Bank has issued templates for financial statements which will strictly be followed by financial institutions. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income (OCI) nor are the elements of OCI allowed to be included in a single OCI statement. As such the financial institution does not prepare the other comprehensive income statement. However, elements of OCI, if any, are shown in the statements of changes in equity.	Financial Statements of 2021 and corresponding year 2020 have been prepared as per the guideline and templates issued by Bangladesh Bank. There is no financial impact for this departure in the financial statements.
14.	Disclosure of presentation of profit	N/A	There is no requirement to show appropriation of profit in the face of statement of comprehensive income.	As per DFIM circular no 11, dated 23 December 2009, an appropriation of profit should be disclosed in the face of profit and loss account	Financial Statements of 2021 and corresponding year 2020 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank. There is no financial impact for this departure in the financial statements.

2.01.02 Investments in shares and securities

As per requirements of IFRS-9 'Financial Instruments: Recognition and Measurement' investments in shares and securities generally falls either under "Amortised cost", "at fair value through Profit and Loss Account" or under "FVOCI (Fair Value through Other Comprehensive Income)" where any change in the fair value at the year-end is taken to Profit and Loss Account or Revaluation Reserve Account respectively.

Bangladesh Bank:

As per FID circular No. 08 dated 03 August 2002 & DFIM circular No. 02 dated 31 January 2012 of Bangladesh Bank investment in marketable ordinary shares has been shown at cost, on an aggregate portfolio basis. Investment in non-marketable shares also has been valued at cost Provision should be made for any loss arising from diminution in value of investments.

Relevant disclosure on departure has been presented in the note -2.01.01(2).

2.01.03 Provision on loans and advances

As per IFRS-9 'Financial Instruments' 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 which 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 FID circular No. 03, dated 29 April 2013 a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans/special mention account) has to be maintained.

Relevant disclosure on departure has been presented in the note -2.01.01(1).

2.01.04 Financial instruments - presentation and disclosure

In several cases Bangladesh Bank guidelines categories, recognize, measure and present financial instruments differently from those prescribed in IFR-9. As such some disclosure and presentation requirements of IFRS 7 'Financial Instruments: Disclosures' cannot be made in the accounts.

Relevant disclosure on departure has been presented in the note -2.01.01(6).

2.01.05 Financial guarantees

As per IFRS-9 financial guarantees are contracts that require an entity to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognized initially at their fair value, and the initial fair value is amortized over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortized amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

Bangladesh Bank:

As per the requirements of DFIM circular No. 11 dated 23 December 2009, financial guarantees such as L/C, L/G will be treated as off balance sheet items. No liability is recognized for the guarantee except the cash margin.

2.01.06 Cash and cash equivalents

Cash and cash equivalents items should be reported as cash item as per IAS 7 'Statement of Cash Flows'.

Bangladesh Bank:

Some cash and cash equivalent items such as 'money at call and on short notice', T-bills, Prize bond are not shown as cash and cash equivalent. Money at call and on short notice is shown as face item in statement of financial position (Balance sheet) and T-bills, Prize bonds are shown in Investment.

2.01.07 Non-Banking assets

As per the requirements of DFIM circular No. 11 dated 23 December 2009, non- banking assets generally arises from non-payment of receivables (claims) by/from clients which is to be presented separately mentioning the holding period of each types of asset. Presented value of non-banking assets will not be more than market price of them and income generating non-banking assets will have to be presented separately in the Financial Statements.

2.01.08 Statement of cash flows

Statement of cash flows can be prepared either in "Direct Method" or "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 the requirements of DFIM circular No. 11 dated 23 December 2009, statement of cash flows is a mixture of direct and indirect method.

2.01.09 Balance with Bangladesh Bank (CRR)

Balance with Bangladesh Bank should be treated as other assets as it is not available for use in day to day operations as per IAS 7.

Bangladesh Bank:

Balance with Bangladesh Bank is treated as cash and cash equivalents.

2.01.10 Off-balance sheet items

There is no concept of off balance sheet items in any IFRS; hence there is no requirement of disclosure relating to such items.

Bangladesh Bank:

As per the requirements of DFIM circular No. 11 dated 23 December 2009, off balance sheet items e.g. L/C, L/G must be disclosed separately in the face of the statement financial position (balance sheet).

2.01.11 Disclosure of appropriation of profit

There is no requirement to show appropriation of profit in the face of the statement of comprehensive income.

Bangladesh Bank:

As per the requirements of DFIM circular No. 11 dated 23 December 2009, an appropriation of profit should be disclosed in the face of statement of comprehensive income.

2.01.12 Other comprehensive income

As per IAS 1 'Presentation of Financial Statements', Other Comprehensive Income is a component of financial statements or the elements of Other Comprehensive Income are to be included in a separate Other Comprehensive Income (OCI) Statement.

Bangladesh Bank:

Bangladesh Bank has issued templates for financial statements which will strictly be followed by all financial institutions. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income; and the elements of Other Comprehensive Income are also not allowed to be included in a single Other Comprehensive Income (OCI) Statement. As such the company does not prepare the Other Statement of Comprehensive Income. However elements of OCI, if any, are shown in the statement of changes in equity.

Relevant disclosure on departure has been presented in the note -2.01.01(13)

2.01.13 Loans and advance net of provision

Loans and advances should be presented as net of provisions.

Bangladesh Bank:

As per the requirements of DFIM circular No. 11 dated 23 December 2009, provision on loans and advances are presented separately as liability and cannot be netted off against loans and advances.

[Also refer to Note-2.17 Compliance of International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs)]

Relevant disclosure on departure has been presented in the note -2.01.01(1)

2.02 Basis of consolidation

The financial statements of the company and its subsidiaries have been consolidated in accordance with International Financial Reporting Standards 10 'Consolidated Financial Statements'.

All intra-group balances, transactions, income and expenses are eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The total profits of the company and its subsidiaries are shown in the consolidated Profit and Loss Account with the proportion of profit after taxation pertaining to minority shareholders being deducted as Non-controlling interest.

All Assets and Liabilities of the company and its subsidiaries are shown in the consolidated Balance Sheet. The interest of non-controlling shareholder of the subsidiaries are shown separately in the consolidated Balance Sheet under the heading Non-controlling interest.

2.03 Integral components of financial statements

The Financial Statements of the Company comprise of (As per DFIM Circular No. 11 dated 23 December 2009) the following components:

1. Consolidated and Separated balance sheet as at December 31, 2021;
2. Consolidated and Separated Profit and Loss A/C for the year ended December 31, 2021;
3. Consolidated and Separated statement of Cash Flows for the year ended December 31, 2021;
4. Consolidated and Separated Statement of Changes in Equity for the year ended December 31, 2021;
5. Liquidity Statement as at December 31, 2021 &
6. Notes to the Consolidated and Separated Financial Statements for the year ended December 31, 2021.

2.04 Use of estimate & judgments

The preparation of Financial Statements in conformity with Generally Accepted Accounting Principles 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.

Provisions and accrued expenses are recognized in the Financial Statements in line with the International Accounting Standard (IAS) No. 37 'Provisions, Contingent Liabilities and Contingent Assets' when:

- a) the company has a present obligation, legal or constructive result of a past event,
- b) it is probable that an outflow of resources embodying economic benefits will be required to settle that obligation; and
- c) a reliable estimate can be made of the amount of the obligation.

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 from the basis of making the judgments about carrying values of assets and liabilities which 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.

2.05 Statement of cash flows

The statement of cash flows has been prepared using the Direct Method as mentioned in line with International Accounting Standard 7 'Statement of cash flows'.

2.06 Consistency

In accordance with the IFRS framework for the presentation of Financial Statements together with International Accounting Standard 1 'Presentation of Financial Statements' and International Accounting Standard 8 'Accounting Policies, Changes in Accounting Estimates and Errors', IIDFC Ltd. applies the accounting disclosure principles consistently from one period to the next.

2.07 Reporting period

These Financial Statements cover one calendar year from 01 January to 31 December 2021.

2.08 Presentation currencies

The figures of the financial statements are presented in Bangladeshi Currency (BDT) and have been rounded off to the nearest integer.

2.09 Books of accounts of branch (including Corporate Branch)

The Company has 7 (seven) branches including head office (principal branch) so far as on 31 December 2021. Books of Accounts of the branches are maintained at the Head Office of the Company.

2.10 Assets and basis of their valuation

2.10.01 Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with Bangladesh Bank highly liquid financial assets.

2.10.02 Investment in securities

Investment in marketable ordinary shares as well as investment in non-marketable shares have been shown at cost. Adequate provision for diminution in value of shares has been made as per Bangladesh Bank guidelines. Market value of securities has been determined on the basis of the value of securities at the last trading day of the period (last trading day for the year was 30 December 2020).

2.10.03 Loans, advances and provisions

Loans and advances are stated at gross amount. General provisions on unclassified loans and Off-Balance Sheet Items, specific provisions for classified loans and interest suspense account thereon are shown under other liabilities. Provision is made on the basis of quarter end against classified loans and advances review by the management and instruction contained in FID Circular no. 08 dated 3 August 2002, FID circular no. 03 and dated 03 May 2006.

a) Interest on loans and advances

Interest is calculated on a daily product basis but charged and accounted for on accrual basis. Interest is calculated on unclassified loans and advances and recognized as income during the year. Interest on classified loans and advances is kept in suspense account as per Bangladesh Bank instructions and such interest is not accounted for as income until realized from borrowers. Interest is not charged on bad and loss loans as per guidelines of Bangladesh Bank.

b) Provision for loans and advances

Provision for loans and advances are made on quarter basis as well as year-end review by management following instructions contained in FID circular No. 08 dated 03 August 2002, FID circular No. 03, dated 03 May

2006 and FID circular No. 03, dated 29 April 2006 issued by Bangladesh Bank. General Provision on unclassified loans and advances and specific provision on classified loans & advances are maintained as per circular issued by Bangladesh Bank as mentioned above at the rate of 0.25% for standard-SME, 1% for standard, 5% for SMA, 20% for SS and 50% for DF and 100% for BL.

c) Presentation of loans and advances

Loans and advances are shown at gross amount as assets while interest suspense and loan loss provision against classified advances are shown as liabilities in the statement of financial position.

d) Write off loans and advances

As per FID Circular No. 03 dated 15 March 2007 & DFIM Circular No. 02 dated 01 April 2019 loans and advances/investments should be written off. These written off however will not undermine/affect the claim amount against the borrower. Detailed memorandum records for all such written off accounts are meticulously maintained and followed up.

e) Securities against loan

Lease Assets: Assets under the lease agreement is taken as security against lease.

Term Finance: Land, building, machineries and relevant assets are tried to be taken as security.

Working capital and trading loan: Goods are taken as security in the form of pledge and hypothecation along with land and building if any, as mortgage.

House building loan: Land and building are taken as security in the form of mortgage.

Overdraft: FDRs are taken as pledge against the loans taken by clients against their Fixed Deposits.

Public sector loan: In most cases Govt. Guarantee is taken and no other security is taken for government loan and agricultural.

2.10.04 Property, plant and equipment

2.10.04.01 Owned assets

Own property, plant and equipment are stated at cost less accumulated depreciation. The cost of an asset comprises its purchase price and any directly attributable costs associated with bringing the assets to its working condition for its intended use as per International Accounting Standard 16 'Property, Plant and Equipment'.

2.10.04.02 Leased assets

Leasehold assets are accounted for as Finance Lease and capitalized at the inception of the lease at the fair value of the leased property or at the present value of the minimum lease payments, whichever is lower as per International Accounting Standard-17 & IFRS-16 'Leases'. The corresponding obligation under the lease is accounted for as Liability.

2.10.04.03 Subsequent expenditure on property, plant and equipment

Subsequent expenditure is capitalized only when it increases the future economic benefits from the assets. All other expenditures are recognized as an expense as and when they are incurred.

2.10.04.04 Depreciation on property, plant & equipment

Depreciation on fixed assets is charged consistently on straight-line method at following rates throughout the estimated useful life of the assets. On newly acquired assets depreciation is charged for the full year irrespective of date of acquisition while no depreciation is charged on the assets disposed of during the year.

Sl. No.	Category of Fixed assets	Rate of Depreciation
1	Motor vehicles	20%
2	Furniture & fixtures	10%
3	Office equipment	18%
4	Right-of-use Assets	Lease term

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the concerned asset and is recognized accordingly in the Statement of Comprehensive Income (Profit and Loss Account).

2.10.04.05 Intangible assets

The Company's intangible assets include the value of computer software.

An intangible asset is recognized only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and they are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is presented as a separate line item in the statement of comprehensive income (profit and loss account).

Amortization is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives, like software is amortized over 5 years 6 months.

2.10.04.06 Other assets

Other assets include all other financial assets and fees and unrealized income receivable, advance for operating and capital expenditure and stocks of stationery and stamp. Details are shown in Note-9. Receivables are recognized when there is a contractual right to receive cash or another financial asset from another entity.

2.10.04.07 Non-banking assets

Non-banking assets are acquired on account of the failure of a borrower to repay the loan in time after receiving the decree from the court regarding the right and title of the mortgage property. There are no assets acquired in exchange for loan during the period of financial statements.

2.10.04.08 Right-of- use assets (IFRS-16)

IIDFC recognises a right of use asset and a lease liability from the beginning of 2020. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is depreciated using the straight line methods from the commencement date (from the beginning of 2020) to the earlier of the end of the useful life of the right of use asset or the end of the lease term. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date (from the beginning of 2020), discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, IIDFC's incremental borrowing rate. The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in IIDFC's estimate of the amount expected to be payable under a residual value guarantee, or if IIDFC changes its assessment of whether it will exercise purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right to use asset, or is recorded in profit or loss if the carrying amount of the right to use asset has been reduced to zero.

2.11 Basis for valuation of liabilities and provisions

2.11.01 Provision for tax

a. Current tax

Provision for Current Tax is made on the basis of the profit for the period as adjusted for taxation purpose in accordance with the provision of Income Tax Ordinance, 1984 and amendments made thereof.

b. Deferred tax

The company has adopted a policy of recognition of deferred tax in accordance with International Accounting Standard 12 'Income Taxes'. Deferred tax is provided using the liability method for all temporary timing differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for tax purposes. The amount of deferred tax is determined at the effective income tax rate prevailing at the Balance Sheet date.

2.11.02 Employees' benefit obligation

Defined contribution plan

The Company started operating from January, 2003 an approved contributory provident fund scheme for its employees as per provident fund rules. The fund consists of subscription of all participatory employees and contribution from the company at a predetermined rate. The fund is administered by a Board of Trustees and invested separately from the Company's assets.

Defined benefit plan

The Company started operating from January, 2002 an approved gratuity scheme as per gratuity rules which is administered by a Board of Trustees and invested separately from the Company's assets.

Other benefit program for employees

The Company operates a group life insurance scheme for its permanent employees. The Company also has loan facilities at reduced rate for its permanent employees.

2.12 Write-off

Write-off describes a reduction in recognized value. It refers to recognized or the zero value of an assets. Generally it refers to an investment for which a return on the investment is now impossible or unlikely. The items potential returns is thus calculated and removed (written-off) from the balance sheet of the Company.

2.13 Capital and shareholders' equity

2.13.01 Capital management

The company has a capital management process for measuring, deploying and monitoring its available capital and assessing its adequacy. This capital management process aims to achieve four major objectives; exceed regulatory thresholds and meet long-term internal capital targets, maintain strong credit rating, manage capital levels commensurate with the risk profile of the company and provide the company's shareholder with acceptable returns.

Capital is managed in accordance with the board approved capital management planning from time to time. Senior management develops the capital strategy and oversees the capital management planning of the company. The company's finance and risk management department are key to implementing the company's capital strategy and managing capital. Capital is managed using both regulatory control measure and internal matrix.

2.13.02 Paid-up capital

Paid up share capital represents total amount of share capital that has been paid in full by the ordinary shareholder. In the event of winding-up of the company, ordinary shareholder (s) rank after all other shareholders and creditors.

2.13.03 Statutory reserve

As per the Financial Institution Regulations 1994, every Non Banking Financial Institution (NBFI) is required to transfer at least 20% of its current year's profit after tax to the statutory reserve fund until such reserve fund equals to its paid up share capital and share premium (if any).

2.13.04 Dividends on ordinary shares

Dividends on ordinary shares are recognized as a liability and deducted from equity when they are approved by the Company's shareholders. Dividends for the year that are approved after the reporting date are disclosed as an event after the reporting date.

2.14 Contingent liabilities and contingent assets

A contingent liability is –

Any possible obligation that arises from the past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or any present obligation that arises from past events but is not recognized because:

- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized but disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is reliably estimated.

Contingent assets are not recognized in the financial statements as this may result in the recognition of income which may never be realized.

2.15 Materiality, aggregation and off setting

Each material item as considered by management significant has been displayed separately in the financial statements. No amount has been set off unless the Company has legal right to set off the amounts and intends to settle on net basis. Income and expenses are presented on a net basis only when permitted by the relevant accounting standards.

The values of any asset or liability as shown in the statement of financial position (balance sheet) are not off-set by way of deduction from another liability or asset unless there exist a legal right therefore. No such incident existed during the year.

2.16 Revenue recognition

Revenue is only recognised when it meets the following five steps model framework.

- a) identify the contract (s) with a customers;
- b) identify the performance obligations in the contract;
- c) determine the transaction price;
- d) allocate the transaction price to the performance obligations in the contract;
- e) recognise revenue when (or as) the entity satisfies a performance obligation.

Interest income from loans and other sources is recognised on an accrual basis of accounting.

2.16.01 lease Income

Finance lease income is allocated over the lease term on a systematic and rational basis. This income allocation is based on a pattern reflecting a constant periodic return on net investment in the finance lease. The unearned lease income is recognised on instalment date as revenue on an accrual basis over the terms of the lease. However, lease income is not recognised if capital or interest receivable is in arrears for more than three months.

2.16.02 Income from direct finance

Direct finance operation consists of long term, short term and working capital finance, books of account for which are maintained based on the accrual method of accounting. Interest earnings from direct finance are recognized as operational revenue periodically.

Interest on real estate finance

Interest on real estate finance is recognised as revenue on an accrual basis and no interest on real estate finance is accounted for as revenue where any portion of capital or interest is in arrear for more than nine months.

Interest on term loans and short term finance

Interest on term loan and short term finance is recognised as revenue on an accrual basis and interest income on term loan is not recognised where any portion of interest is in arrear for more than three months.

2.16.03 Income from structured finance

Income from structured finance is recognized as and when received.



2.16.04 Income from treasury operations

Incomes from treasury operations are recognized on accrual basis.

2.16.05 Dividend income

Revenue is recognized when the Company's right to receive the payment is established, which is generally at the time of shareholders' approval date for payment of dividend.

2.16.06 Other operating income

Other operational income is recognized as and when received. Such income comprises of the following:

- a. Appraisal and documentation fees;
- b. Commitment fees;
- c. Supervision fees;
- d. Delinquent charge;
- e. Miscellaneous receipts;

f. Portfolio management fee

Portfolio management fees are recognised on the market value of the clients' portfolio on monthly basis and charged to client's balance on quarterly basis.

g. Issue management & Corporate advisory fee

Issue management and corporate advisory fees are recognised according to the stage of completion of services as agreed and defined in issue management and corporate advisory agreement between company and clients.

h. Brokerage commission

Brokerage commission is recognised as income when selling or buying order is signed and trade is executed.

i. Profit or loss on sale of securities and

Profit or loss arising from the sale of securities is accounted for only when the securities are sold/offloaded.

j. Fee based revenues

Fees on services rendered by the company are recognised as and when services are rendered.

2.17 Interest accrual on loans and leases

Interest income on interest bearing loans and leases are recorded at the time of proceeds received from a particular company. Accrued interest on company loan and leases is accounted for on accrual basis in the Profit and Loss Account under at the implicit rate of interest.

2.18 Earnings per share

Earnings per shares is calculated by dividing the profit or loss attributable to ordinary shares of the IIDFC by the weighted average number of ordinary shares outstanding during the year. IIDFC calculates EPS in accordance with International Accounting Standard -33 'Earnings per Share' which has been shown in the profit and loss account.

Diluted Earnings per share is not applicable for the year as there is no scope for dilution during the year 2021.

2.19 Presentation of operating segments

The segment reporting of IIDFC as per IFRS 8 has been presented in Note-40 named "Operating Segment Report" as on reporting date.

2.20 Contingent assets & liabilities

Contingent Assets:

A contingent asset is possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent assets are never recognized, rather they are disclosed in the financial statements when they arise.

Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly

within the control of the Group; or the Group has a present obligation as a result of past events but is not recognized because it is not likely that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated. Contingent liabilities normally comprise legal claims under arbitration or court process in respect of which a liability is not likely to occur.

2.21 Liquidity statements

As per DFIM circular No. 09 dated 20 October 2015 & DFIM circular No. 21 dated 20 December 2011 the liquidity statement has been prepared in accordance with remaining maturity grouping of Assets and Liabilities as of the close of the reporting period as per following bases:

- Balance with other company and financial institutions are on the basis of their maturity term;
- Investments are on the basis of their residual maturity term;
- Loans and Advances are on the basis of their repayment /maturity schedule;
- Property, plant and equipment are on the basis of their useful lives;
- Other assets are on the basis of their adjustments terms;
- Borrowings from other company and financial institutions are on the basis of their maturity/ repayment schedule;
- Deposits and other accounts are on the basis of their maturity terms and past behavioural trends &
- Other liabilities are on the basis of their settlement terms.

2.22 Events after the reporting period

Events after the reporting period requires additional disclosures or adjustments based on material information about the company. As per International Accounting Standards IAS-10: 'Events after the reporting period' the events after the reporting date are reflected in the financial statements' note no. 44.

2.23 Going concern

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The accompanying financial statements do not include any adjustments should the company be unable to continue as a going concern.

2.24 Compliance report on International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS)

In addition to compliance with local regulatory requirements, in preparing the Consolidated Financial Statements and Separate Financial Statements, IIDFC applied following IAS and IFRS:

Name of the IAS	IAS No.	Status
Presentation of Financial Statements	1	Applied *
Inventories	2	N/A
Statements of Cash Flow	7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied
Events after the Reporting Period	10	Applied
Income Taxes	12	Applied
Property, Plant and Equipment	16	Applied
Employee Benefits	19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	20	N/A
The Effects of Changes in Foreign Exchange Rates	21	Applied
Borrowing Costs	23	Applied
Related Party Disclosures	24	Applied
Accounting and Reporting by Retirement Benefit Plans	26	N/A
Separate Financial Statements	27	Applied
Investment in Associates and Joint Ventures	28	N/A
Financial Reporting in Hyperinflationary Economics	29	N/A
Interests in Joint Ventures	31	N/A
Earnings Per Share	33	Applied
Interim Financial Reporting	34	Applied
Impairment of Assets	36	Applied
Provisions, Contingent Liabilities and Contingent Assets	37	Applied
Intangible Assets	38	Applied
Investment Property	40	N/A
Agriculture	41	N/A



Name of the IFRS	IFRS No	Status
Share Based payment	2	N/A
Business combination	3	N/A
Insurance Contracts	4	N/A
Non-current assets held for sale and discontinued operation	5	N/A
Exploration for and Evaluation of Mineral Resources	6	N/A
Financial Instruments: Disclosures	7	Applied *
Operating Segments	8	Applied
Financial Instruments	9	Applied *
Consolidated Financial Statements	10	Applied
Joint Arrangement	11	N/A
Disclosure of Interest in Other Entities	12	N/A
Fair Value Measurement	13	Applied *
Revenue from Contracts with customers	15	Applied
Leases	16	Applied

N/A= Not applicable

* As the regulatory requirements differ with the standards, relevant disclosures have been made in accordance with Bangladesh Bank's requirements.

2.25 Capital adequacy and market discipline

To cope with the international best practices and to make up the capital more risks sensitive as well as more shock resilient, a road map was issued in August 2010 on implementation of Basel Accord in the FIs. Being well pursuant with the road map, prudential guidelines namely 'Capital Adequacy and Market Discipline for Financial Institutions' had been introduced by Bangladesh Bank from December, 2011. The guidelines came into force from 1 January, 2012 with necessary supplements/revisions. Instructions in respect of Minimum Capital Requirement, Adequate Capital and Disclosures requirement as stated in the guidelines have been followed for the purpose of statutory compliance.

As per prudential guideline IIDFC calculated Minimum Capital Requirement (MCR) by dividing the total capital by the sum of risk weighted assets against credit risk, market risk, and operational risk under pillar-I.

Pillar – I: Minimum capital requirement

Credit Risk

The calculation of capital requirement against credit risk is more elaborate and risk sensitive. The Accord gives a choice of some sophisticated approaches to address risks, and adoption of a Particular approach depends on the risk measurement capabilities and robustness of the systems in place in a Financial Institution. A Standardized Approach has been the preliminary choice of FIs for the credit risk calculation.

Market risk

Market risk is defined as the risk of losses in on and off-balance-sheet positions arising from movements in market prices. The risks subject to this requirement are:

- The risks pertaining to interest rate related instruments and equities in the trading book;
- Foreign exchange risk and commodities risk throughout the FI.

The capital charges for interest rate related instruments and equities applied to the current trading book items prudently valued by IIDFC. The capital charges for foreign exchange risk and for commodities risk applied to IIDFC's total currency and commodity positions, subject to some discretion to exclude structural foreign exchange positions.

Operational risk

The accord introduces for the first time a capital charge for operational risk. The framework presents three methods for calculating operational risk capital charges in a continuum of increasing complexity and risk sensitivity. These methods are the Basic Indicator approach (a fixed percentage of gross income amount), Standardized approach (sum of a certain percentage of FI's income in each business line) and Internal Measurement approach (Statistical measure of FIs operational loss based on its historical loss data). But initially, Basic Indicator Approach has been applied for calculating the capital charge against operational risk.

2.26 Stress testing

Stress Testing is an important risk management tool that is used by the Financial Institutions as part of internal risk management and through the Basel II capital adequacy framework, is promoted by Bangladesh

Bank. Stress Testing alerts Financial Institutions management to adverse unexpected outcomes related to a variety of risks and provides an Indication of how much capital might be needed to absorb losses should large shock occur. Stress Testing supplements other risk management approaches and measures playing particularly important role in:

- Providing forward-looking assessment of risk;
- Overcoming limitations of models and historical data;
- Supporting external and internal communication;
- Feeding into capital and liquidity planning procedures;
- Informing the setting of an FI's risk tolerance; and
- Facilitating the development of risk mitigation or contingency plans across a range of stressed conditions.

Stress Testing guideline have been issued by Bangladesh Bank to provide a structured way of assessing the vulnerability of financial institutions to extreme but plausible market conditions. The guidelines enable institutions to accurately assess risk and define the "risk appetite" of the organization and also provide critical information to senior management for decision around capital allocation and contingency planning.

IIDFC exercise stress testing on its portfolio on quarterly basis and submit its stress testing report as per format prescribed by Bangladesh Bank on regular basis.

2.27 Financial risk management

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

Credit Risk

To encounter and mitigate credit risk the company employed multilayer approval process, policy for maximum exposure limit of sector or groups, policy for customers' assets maximum exposure limit, mandatory search for credit report from Credit Information Bureau, looking into payment performance of customer before financing, annual review of clients, adequate insurance coverage for funded assets, vigorous monitoring and follow up by Special Assets Management Team, strong follow up of compliance of credit policies by Internal Control and Compliance Department (ICCD), taking collateral, seeking external legal opinion, maintaining neutrality in politics and following arm's length approach in related party transactions, regular review of market situation and industry exposure etc.

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

Market Risk

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

Liquidity Risk

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

Operational Risk

Appropriate internal control measures are in place, at IIDFC, to address operational risks. IIDFC has also established an Operational Risk Management (ORM) to address operational risk and to frame and implement

policies to encounter such risks. This department assesses operational risk across the Company as a whole and ensures that an appropriate framework exists to identify, assess and manage operational risk. The function of the ORM department is to exercise constant vigilance against erosion of Shareholders' value by identifying, assessing, measuring and managing operational risk resulting from inadequate or failed internal processes, people and systems or from external events.

Money Laundering and Terrorist Financing Risk

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

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

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

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

Additional risks required to be addressed under regulatory requirements

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

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

Strategic Risk

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

IIDFC has been managing strategic risks ever since its inception. This is evident from the constantly evolving business model of the company over the years. The company has a clear strategic vision as to what it wants to be and a mission statement that states what it will do to achieve its vision. Strategic issues are discussed at a variety of forums including meetings of the Management Committee and of the IIDFC Board. Over the past few years, a separate Strategic Planning department has been set up to assist senior management in this regard. The culmination of all these efforts are reflected in annual Strategy and Budget sessions, where the company sets out its plans for the next year. With the introduction of the new guidelines, more changes will be made to the strategic risk management process as and when required.

Compliance Risk

Compliance risk is defined as the current or prospective risk of legal sanction and/or material financial loss that an organisation may suffer as a result of its failure to comply with laws, its own regulations, code of conduct, and standards of best practice as well as from the possibility of incorrect interpretation of laws or regulations. The guidelines set out the respective roles of the board, senior management and compliance function units in managing compliance risks and also require formulation of a written compliance risk management policy.

Historically, IIDFC has always fostered a compliance oriented culture. This has been reinforced in a variety of ways, ranging from formal requirements to sign declarations of compliance with the IIDFC code of conduct (which requires compliance with the law & regulations) to repeated communications from senior management stressing the need to do business in a compliant manner. In general, compliance risk

management is embedded in the day to day to business processes and practices of the company. Concerned departments are kept informed of latest legal and regulatory requirements by the ICC and Corporate Affairs departments. A consideration of compliance (or any potential non-compliance) with laws and regulations is a standard part of the company's regular decision making processes. Wherever deemed necessary, appropriate legal advice is sought from qualified internal and/or external legal counsel.

Reputation Risk

Reputation risk may be defined as the risk of loss arising from damages to an organization's reputation. The guidelines set out the respective roles of the Board and senior management in managing reputation risk and also require financial institutions to implement a sound and comprehensive risk management process to identify, monitor, control and report all reputational risks.

IIDFC has already established a set of non-financial reputational risk indicators and put in place a process for monitoring these and any other matters that might give rise to potential reputational risk issues. Till date, no material reputational risk issue involving the company has been identified.

Environmental & Social Risk

As the best financial brand in promoting sustainable business practices, IIDFC have adopted Environmental & Social Risk Management System as one of its integral parts of Credit Risk Assessment to compute environmental & social risks from our financial footprints. IIDFC is one of the front runners to add "Environmental & Social Management System (ESMS)" within its framework, a global standard to minimize environmental & social risks from the organizational activities.



	2021	2020
	BDT	BDT
3 Cash		
Cash in hand (Note 3.1)	12,622	4,597
Balance with Bangladesh Bank and its agent bank (Note 3.2)	92,694,427	112,172,320
Total	92,707,049	112,176,917
3.1 Cash in hand		
Cash in hand represents the amount under "imprest system of petty cash" to meet petty expenses both for head office as well as branch offices.		
3.2 Balance with Bangladesh Bank		
Balance with Bangladesh Bank is a non-interest bearing account maintained with Central Bank to meet the Cash Reserve Requirement (CRR). CRR (note 3.3) and Statutory Liquidity Reserve (note 3.4) have been calculated and maintained in accordance with The Financial Regulations 1994 and FID Circular No. 06 dated 6th November, 2003 and FID Circular No. 02 dated 10th November, 2004.		
3.3 Cash Reserve Requirement (CRR)		
Cash Reserve Requirement and Statutory Liquidity Reserve have been calculated and maintained in accordance with Financial Institutions Act, 1993 & Financial Institutions Regulations, 1994, FID Circular No. 06, dated 06 November 2003, FID Circular No. 02 dated 10 November 2004, DFIM Circular Letter No. 01, dated 12 January 2017 and DFIM Circular Letter No. 03, dated 21 June 2020.		
CRR has been calculated at the rate of 1.50% on Total Term Deposits which is preserved in current account maintained with Bangladesh Bank in compliance with FID circular no. 6 dated 6th November, 2003, FID Circular No. 02 dated 10th November, 2004 and DFIM Circular Letter No. 03, dated 21 June 2020. Total Term Deposits means Term or Fixed Deposits, Security Deposit against Lease/Loan and other Term Deposits received from individuals and institutions (except Banks and Financial Institutions).		
Required reserve	91,815,303	84,306,010
Actual reserve held	92,694,427	112,172,320
Surplus / (Deficit)	879,123	27,866,310
3.4 Statutory Liquidity Reserve (SLR)		
SLR has been calculated at the rate of 5.00% of total demand and time liabilities, including CRR of 1.50% on Total Term Deposits. SLR is maintained in liquid assets in the form of Cash in Hand, balance with Bangladesh Bank, balance with other Banks & Financial Institutions, unencumbered Treasury Bills, Prize Bond, Savings Certificates & any other assets approved by Bangladesh Bank.		
Required reserve	349,790,266	328,355,640
Actual reserve held (Note-3.4.1)	371,426,074	369,924,336
Surplus / (Deficit)	21,635,807	41,568,696
3.4.1 Actual Reserve held for SLR		
Cash in hand	12,622	4,597
Balance with Bangladesh Bank and its agent bank(s)	92,694,427	112,172,320
Balance with other banks and financial institutions (Note-3.4.1.1)	278,719,025	257,747,419
	371,426,074	369,924,336
3.4.1.1 Balance with other banks and financial institutions (SLR)		
NRB Commercial Bank Ltd.	45,000,000	-
Social Islami Bank Ltd.	75,696,172	21,818,000
Standard Bank Limited	-	55,929,419
Union Capital Limited	51,352,853	-
Union Bank Ltd.	106,670,000	180,000,000
Total	278,719,025	257,747,419
3.a Consolidated cash		
IIDFCL	12,622	4,597
IIDFC Securities Limited	27,976	35,401
IIDFC Capital Limited	11,668	25,178
Sub-Total	52,266	65,176
Balance with Bangladesh Bank and its agent bank(s) (Note-3)	92,694,427	112,172,320
Total	92,746,693	112,237,496
4 Balance with other Banks and Financial Institutions		
Inside Bangladesh		
Current Accounts:		
National Credit & Commerce Bank Ltd.	1,569	2,822
Social Islami Bank Ltd.	128	128
Uttara Bank Ltd.	22	-
Midland Bank	500	845
Trust Bank Ltd.	5,104	7,395
Total	7,322	11,190

	2021	2020
	BDT	BDT
Short-Term Deposit Accounts		
Southeast Bank Ltd.	2,606,024	1,771,278
Social Islami Bank Ltd.	16,625,253	223,550
Bank Asia Ltd.	20,958,675	41,285,337
AB Bank Ltd.	3,057	3,057
The City Bank Ltd.	2,383	2,383
Janata Bank Ltd.	4	4
Pubali Bank Ltd.	9,025	10,433
ONE Bank Ltd.	-	27,127
Total	40,204,421	43,323,169
Fixed Deposits Receipts (FDR Placement)		
Bangladesh Commerce Bank Ltd.	-	10,000,000
BRAC Bank EPL	-	70,000,000
NRB Commercial Bank Ltd.	45,000,000	49,357,177
Union Bank Limited	106,670,000	322,028,956
Union Capital Limited	51,352,853	44,126,833
Standard Bank Limited	-	55,929,420
Social Islami Bank Ltd.	75,696,172	71,818,000
Total	278,719,026	623,260,386
Sub Total	318,930,769	666,594,745
<i>Outside Bangladesh</i>	-	-
Grand Total	318,930,769	666,594,745
4.1 Maturity grouping of Balance with other Banks and Financial Institutions		
On demand	121,152,227	253,219,338
Less than 3 months	90,887,927	189,964,158
More than 3 months but less than 1 year	76,271,407	159,414,280
More than 1 year but less than 5 years	30,619,207	63,996,969
Above 5 years	-	-
Total	318,930,768	666,594,745
4.a Consolidated Balance with other Banks and Financial Institutions		
IIDFCL	318,930,769	666,594,745
IIDFC Securities Limited (Note-4.a.1)	217,652,021	132,153,222
IIDFC Capital Limited (Note-4.a.2)	9,502,742	17,901,270
Total	546,085,531	816,649,237
4.a.1 IIDFC Securities Limited		
Southeast Bank Ltd.	1,330,157	188,250
NCC Bank Ltd.	1,405	1,954
IIDFC Ltd	-	-
One Bank Ltd.	154,536,053	131,963,018
Mercantile Bank Ltd.	61,784,406	-
Total	217,652,021	132,153,222
4.a.2 IIDFC Capital Limited		
Southeast Bank Ltd.	2,848,447	2,992,959
ONE Bank Ltd.	6,654,295	14,908,311
Bangladesh Commerce Bank Ltd.	-	-
Total	9,502,742	17,901,270
5 Money at Call and Short Notice		
Banks	-	-
Non-Bank Financial Institutions	-	-
Total	-	-
6 Investments		
Government Securities		
Treasury Bill	-	-
National Investment Bond	-	-
Bangladesh Bank Bill	-	-
Government Notes/ Bond	-	-
Prize Bond	-	-
Others	-	-
Sub Total	-	-

	2021 BDT	2020 BDT
Other Investments		
Preference Shares	-	-
Debenture and Bond (Note-6.1)	70,183,544	58,000,000
Investments in Shares (Note-6.2)	597,706,237	607,328,034
Investments IPO (Note-6.3)	7,683,930	12,499,500
Gold etc.	-	-
Sub Total	675,573,711	677,827,534
Total investments	675,573,711	677,827,534
6.1 Debenture and Bond		
Investment in Debenture and Bond includes investment in the Bond of Golden Harvest Agro Industries Limited amounting to BDT. 52,500,000.		
Opening Balance	58,000,000	54,750,000
Add: Addition/ adjustment during the year	12,683,544	4,250,000
Less: Adjustment during the year	500,000	1,000,000
Closing Balance	70,183,544	58,000,000
6.2 Investments in Shares		
Quoted Shares		
Bank Company	12,418,784	74,582,478
Non-Banking Company	85,423,602	36,341,025
Insurance Company	94,109,729	
Mutual Fund	-	4,665,290
Other Company	355,754,123	388,439,243
Total	547,706,237	504,028,036
Un-quoted Shares		
MTB Unit Fund	-	53,299,999
HFAML Unit Fund	50,000,000	50,000,000
IDLC Growth Fund	-	-
	50,000,000	103,299,999
Total Investment in Shares	597,706,237	607,328,034
6.3 Investments IPO		
Union Insurance, BD Thai Food & Beverage, Union Bank Limited	7,683,930	12,499,500
	7,683,930	12,499,500
6.4 Cost Price Vs Market Price of Quoted Investments		
	31st December 2021	
	Cost Price (A)	Market Price (B)
Bank Company	12,418,784	10,294,718
Non-Banking Company	85,423,602	73,368,100
Insurance Company	94,109,729	71,995,791
Other Company	355,754,123	269,850,965
Total	547,706,237	425,509,573
		Required Provision (C=A-B)
		2,124,066
		12,055,502
		22,113,938
		85,903,158
		122,196,664
All investments in marketable securities are valued on an aggregate portfolio basis, at the lower of cost and market value as at 31st December 2021. At the end of the reporting year, total cost price of the listed securities was BDT. 547,706,237 where as the market price was BDT. 425,509,573 resulting a required provision of BDT.122,196,664		
6.5 Maturity grouping of Investments		
On demand	238,596,289	237,891,288
Less than 3 months	154,384,493	153,928,320
More than 3 months but less than 1 year	178,587,379	182,309,691
More than 1 year but less than 5 years	104,005,550	103,698,235
Above 5 years	-	-
Total	675,573,711	677,827,534
6.a Consolidated Investments		
IIDFCL	675,573,711	677,827,534
IIDFC Securities Limited (Note - 6.a.1)	268,164,661	301,440,583
IIDFC Capital Limited (Note - 6.a.2)	115,356,700	90,535,179
Total	1,059,095,072	1,069,803,296
6.a.1 Investment of IIDFC Securities Limited		
Quoted Shares		
Bank Company	57,062,186	88,072,267
Non-Banking Company	17,685,202	17,768,411
Insurance Company	22,795,963	16,602,567
Mutual Fund	13,250,000	5,705,402
Other Company	127,512,790	143,433,416
Total	238,306,141	271,582,063
Un-quoted Shares		
ICB AMCL2NDNDRB Unit Fund	998,100	998,100
Dhaka Stock Exchange Limited	28,860,420	28,860,420
Total Investment in Shares	268,164,661	301,440,583

6.a.1.1 Cost Price Vs Market Price of Quoted Investments

Bank Company
Non-Banking Company
Insurance Company
Mutual Fund
Other Company
Total

	2021	2020
	BDT	BDT
31st December 2021		
Cost Price (A)	Market Price (B)	Required Provision (C=A-B)
57,062,186	49,891,095	7,171,091
17,685,202	15,034,818	2,650,384
22,795,963	16,954,473	5,841,490
13,250,000	11,440,000	1,810,000
127,512,790	102,254,640	25,258,150
238,306,141	195,575,026	42,731,115

6.a.2 Investment of IIFDC Capital Limited

Quoted Shares

Bank Company
Non-Banking Company
Insurance Company
Mutual Fund
Other Company
Total

Un-quoted Shares

Total Investment in Shares

5,085,738	559,047
611,132	21,579,921
50,918,388	1,754,199
19,727,311	612,135
39,014,131	66,029,877
115,356,700	90,535,179
-	-
115,356,700	90,535,179

6.a.2.1 Cost Price Vs Market Price of Quoted Investments

Bank Company
Non-Banking Company
Insurance Company
Mutual Fund
Other Company
Total

	31st December 2021	
Cost Price (A)	Market Price (B)	Required Provision (C=A-B)
5,085,738	4,225,000	860,738
611,132	496,000	115,132
50,918,388	40,071,500	10,846,888
19,727,311	12,750,000	6,977,311
39,014,131	25,685,907	13,328,224
115,356,700	83,228,407	32,128,293

7 Loans & Advances

Inside Bangladesh:

Lease Receivables
Advance for Lease Finance
Total Lease Finance
Direct/ Term Finance
Secured Overdraft
Bills Discounted and Purchased (Note-7.8)
Total Other Finance
Sub Total (Note-7.1)

13.04%	1,815,950,887	1,973,962,239
0.32%	44,339,980	64,339,980
13.36%	1,860,290,867	2,038,302,219
85.46%	11,901,504,367	13,102,404,783
0.35%	48,128,571	33,047,599
0.83%	116,170,351	98,616,851
86.64%	12,065,803,290	13,234,069,233
100.00%	13,926,094,156	15,272,371,452

Outside Bangladesh:

Gross Lease Receivables
Less: Unearned Lease Income
Net Investment
Advance for Lease Finance
Direct/ Term Finance
Secured Overdraft
Factoring Finance
Margin Loan
Sub Total
Total

-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
100.00%	13,926,094,156	15,272,371,452

7.1 Details of Loans & Advances

Lease Finance

Corporate Clients
Small & Medium Enterprises (SME)
Sub Total

6.28%	875,010,681	931,590,691
7.08%	985,280,185	1,106,711,529
13.36%	1,860,290,867	2,038,302,220

Direct / term finance

Syndication Finance
Corporate clients
Small & Medium Enterprises (SME)
Home Loan
Bills Discounted and Purchased
Secured Overdraft
Employee Loan
Sub Total
Grand Total

19.95%	2,778,220,883	2,455,406,175
35.22%	4,904,759,126	6,333,251,506
27.16%	3,782,689,875	3,760,517,233
2.95%	411,314,374	521,079,231
0.83%	116,170,351	98,616,851
0.35%	48,128,571	33,047,599
0.18%	24,520,109	32,150,638
86.64%	12,065,803,290	13,234,069,232
100%	13,926,094,156	15,272,371,452

	2021	2020
	BDT	BDT
7.2 Maturity grouping of loans & advances		
On demand	1,274,582,533	1,211,365,840
Less than 3 months	3,515,397,055	3,635,906,433
More than 3 months but less than 1 year	4,984,098,826	5,652,361,020
More than 1 year but less than 5 years	3,014,785,141	3,525,568,064
Above 5 years	1,137,230,601	1,247,170,094
Total	13,926,094,156	15,272,371,452

7.3 Sector/ Industry-wise Loans & Advances

Agricultural sector	4.22%	587,496,374	601,113,264
Industrial sector:			
Textiles	8.67%	1,206,853,877	1,327,092,003
Garments	13.98%	1,947,246,675	2,243,125,080
Jutes & jute related goods	4.15%	578,073,461	575,374,405
Food items producer/processing industry	3.17%	441,729,085	498,553,283
Plastic industries	4.57%	636,406,665	679,104,942
Leather and leather goods	0.42%	57,795,890	51,073,580
Iron, steel and engineering	5.32%	741,404,966	902,906,410
Chemicals and pharmaceuticals	2.69%	374,780,620	309,411,565
Cement/ clinker and allied industries	2.35%	327,830,265	340,596,412
Service sector (Hotel, hospital, clinic, tourism, etc.)	9.69%	1,349,190,068	209,621,580
Paper, printing and packaging	1.80%	250,601,115	261,989,554
Telecommunication and IT industries	8.23%	1,145,461,167	1,107,520,631
Glass and ceramic industries	0.96%	133,600,022	131,633,310
Shipping and ship building industries	0.00%	-	-
Electronics and electrical goods	4.93%	686,848,608	878,060,559
Power, gas, water and sanitary	2.23%	310,491,289	606,049,642
Transport and communication	3.80%	529,710,217	574,021,427
Real estate and housing	4.90%	682,759,389	789,602,774
Merchant banking	3.50%	486,806,244	1,014,518,068
Others	10.42%	1,451,008,159	2,171,002,962
Total	100.00%	13,926,094,156	15,272,371,452

7.4 Geographical Location-wise Loans & Advances

Inside Bangladesh			
Dhaka Division	83.10%	11,572,315,732	12,932,889,066
Chattogram Division	15.55%	2,165,029,857	2,140,383,300
Barisal Division	0.01%	1,223,486	1,711,937
Rajshahi Division	0.25%	35,359,350	70,985,741
Rangpur Division	0.00%	-	-
Sylhet Division	0.00%	-	-
Mymensingh Division	0.33%	45,287,032	-
Khulna Division	0.77%	106,878,699	126,401,408
Sub Total	100.00%	13,926,094,156	15,272,371,452
Outside Bangladesh	-	-	-
Total	100.00%	13,926,094,156	15,272,371,452

7.5 Classification of Loans & advances as per Bangladesh Bank circular

	2021	2020	2021	2020
Unclassified				
Standard	60.18%	69.39%	8,380,876,014	10,598,166,351
Special Mention Account (SMA)	4.31%	7.19%	600,496,514	1,098,019,622
Sub Total	64.49%	76.58%	8,981,372,528	11,696,185,972
Classified				
Sub-standard (SS)	2.67%	0.13%	371,302,840	20,145,502
Doubtful (DF)	7.50%	1.23%	1,044,279,348	188,019,996
Bad/ Loss (BL)	25.34%	22.05%	3,529,139,440	3,368,019,982
Sub Total	35.51%	23.42%	4,944,721,628	3,576,185,480
Total	100%	100%	13,926,094,156	15,272,371,452

7.6 Details of Large Loans & Advances

As per DFIM circular No.-10, dated 5 September, 2011, outstanding amount exceeding 15% of total capital of the company is treated as Large Loans & Advances. Total capital of the company was BDT 2,909,115,262 as on 31 December, 2021 whereas BDT 4,606,833,482 as on 31 December, 2020.

Number of Clients	8	13
Outstanding Amount	2,909,115,262	4,606,833,482
Classified Amount	517,927,692	360,621,264
Measures taken for recovery	-	-

	2021 BDT	2020 BDT
7.7 Particulars of Loans & Advances		
1. Loans & advances considered good in respect of which the company is fully secured	5,414,056,656	4,484,301,081
2. Loans & advances considered good against which the company holds no security others than the debtor's personal guarantee	5,053,192,715	6,817,519,964
3. Loans & advances considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors	3,054,797,976	3,364,638,645
4. Loans & advances adversely classified for which provision has not been maintained	-	-
5. Loans & advances due by the directors or officers of the company or any of them either separately or jointly with any other persons	-	-
6. Loans & advances due from companies or firms in which the directors of the company have interest as directors, partners or managing agent or in case of private companies as members	379,526,700	573,761,125
7. Maximum total amount of loan & advances including temporary loans & advances made at any time during the year to directors of managers or officers of the company or any of them either separately or jointly with any other person	24,520,109	32,150,638
8. Maximum total amount of loans & advances including temporary loans & advances granted during the year to the companies of firms in which the directors of the company have interest as directors, partners of managing agents or in the case of private companies, as members	-	-
9. Due from banking companies	-	-
10. Amount of classified loans & advances on which interest has not been charged as follows:		
a. (Decrease)/ increase in provision	506,018,138	113,672,070
b. Amount of loans & advances written off	-	-
c. Amount of collection against written of loans & advances	-	-
d. Interest credited to interest suspense account	243,618,375	56,098,240
11. Loans & advances written off:		
a. Current year	13,930,004	69,770,310
b. Cumulative to date	612,998,979	599,068,975
c. Amount of written off loans for which law suits have been filed	612,998,979	599,068,975
7.8 Bills Discounted and Purchased		
Inside Bangladesh	116,170,351	98,616,851
Outside Bangladesh	-	-
Total	116,170,351	98,616,851
7.9 Maturity grouping of Bills Discounted and Purchased		
Within 1 month	1,419,500	1,205,011
Over 1 month but within 3 months	39,522,334	33,550,455
Over 3 months but within 6 months	27,602,965	23,432,119
Over 6 months	47,625,552	40,429,266
Total	116,170,351	98,616,851
7.a Consolidated Loans & Advances		
IIDFCL	13,926,094,156	15,272,371,452
IIDFC Securities Limited (Note-7.a.1)	1,727,851,763	1,764,165,093
IIDFC Capital Limited (Note-7.a.2)	622,779,125	630,480,180
	16,276,725,044	17,667,016,725
Less: Inter Company Loans & Advances		
IIDFC Securities Limited	379,526,729	573,761,153
IIDFC Capital Limited	-	-
	379,526,729	573,761,153
Total	15,897,198,315	17,093,255,572
7.a.1 Loans & Advance of IIDFC Securities Limited		
Margin Loan	1,727,851,763	1,764,165,093
7.a.2 Loans & Advance of IIDFC Capital Limited		
Margin loan	622,779,125	630,480,180

	2021	2020
	BDT	BDT
8 Fixed assets including premises, furniture & fixtures etc.		
Own Finance		
A. Cost		
Motor Vehicles	16,663,410	20,296,115
Furniture & Fixtures	34,318,048	34,276,248
Office Equipments	50,778,437	46,784,794
Right-of-use asset	60,618,988	60,618,988
Total	162,378,883	161,976,145
B. Less: Accumulated Depreciation		
Motor Vehicles	14,703,597	15,944,102
Furniture & Fixtures	20,080,910	17,663,959
Office Equipments	42,088,099	37,929,319
Right-of-use asset	35,789,010	17,894,505
Total	112,661,616	89,431,885
C. Written Down Value at the end of the year (A-B)	49,717,267	72,544,260
Lease Finance		
D. Cost		
Furniture & Fixtures	-	-
Office Equipments	-	-
Motor Vehicles	-	-
Total	-	-
E. Less: Accumulated Depreciation		
Furniture & Fixtures	-	-
Office Equipments	-	-
Motor Vehicles	-	-
Total	-	-
F. Written Down value at the end of the year (D-E)	-	-
G. Total of premises, furniture & fixtures etc. (C+F)	49,717,267	72,544,260
8.1 Intangible asset - computer software (Details in Annexure-1)		
Cost	13,131,471	13,029,967
Add: Addition during the year	566,989	101,504
Less: Adjustment during the year	2,657,642	-
Less: Accumulated amortization	8,983,501	10,169,603
H. Net book value at the end of the year	2,057,317	2,961,868
I. Grand total of Fixed assets including premises, furniture & fixtures etc.(G+H)	51,774,584	75,506,128
Details of Property, Plant & Equipments has been presented in Annexure-I		
8.a Consolidated fixed assets including premises, furniture & fixtures etc. (Details in Annexure-1.a)		
IIDFCL	51,774,584	75,506,128
IIDFC Securities Limited (Note-8.a.1)	3,965,930	2,849,604
IIDFC Capital Limited (Note-8.a.2)	288,453	401,312
Total	56,028,967	78,757,044
8.a.1 Fixed assets including premises, furniture & fixtures etc. of IIDFC Securities Limited		
A. Cost		
Motor Vehicles	358,141	358,141
Furniture & Fixtures	12,743,986	13,516,752
Office Equipments	16,289,864	15,062,085
Total	29,391,991	28,936,978
B. Less: Accumulated depreciation		
Motor Vehicles	358,141	358,141
Furniture & Fixtures	11,670,930	12,296,606
Office Equipments	13,396,990	13,432,627
Total	25,426,061	26,087,374
C. Written down value at the end of the year (A-B)	3,965,930	2,849,604

	2021	2020
	BDT	BDT
8.a.2 Fixed assets including premises, furniture & fixtures etc. of IIDFC Capital Limited		
A. Cost		
Motor vehicles	1,250,000	1,250,000
Furniture & fixtures	819,914	819,914
Office equipments	3,889,912	3,889,912
Total	5,959,826	5,959,826
B. Less: Accumulated depreciation		
Motor vehicles	1,249,994	1,249,994
Furniture & fixtures	819,896	819,896
Office equipments	3,601,493	3,488,634
Total	5,671,383	5,558,524
C. Written down value at the end of the year (A-B)	288,443	401,302
8.1.a Consolidated intangible asset (Details in Annexure-1.a)		
IIDFCL	2,057,317	2,961,868
IIDFC Securities Limited	-	-
IIDFC Capital Limited	10	10
	2,057,327	2,961,878
9 Other assets		
Investment in shares of subsidiary companies:		
In Bangladesh	1,534,862,970	1,534,862,970
Outside Bangladesh	-	-
Advance rent and advertisement	-	-
Interest accrued on investment, commissions and other receivables & branch adjustment	39,441,479	18,739,468
Security deposits	935,241	2,531,527
Preliminary expenses, renovation, development and prepaid expenses	2,252,415	2,830,367
Balance with BO account	11,029,742	2,702,601
Others (Note 9.1)	1,681,512,225	1,665,667,281
Total	3,270,034,072	3,227,334,214
9.1 Others		
Interest receivable	515,733,387	504,692,437
Deferred receivable	3,855,172	3,947,322
Advance for travelling	-	36,826
Deferred Tax (Note 9.1.1)	6,458,985	9,583,503
Advance for suppliers	6,330,000	5,284,889
Advance tax	683,559,627	671,376,121
Commission on bank guarantee	215,425	215,425
Others receivable	465,359,628	470,530,758
Total	1,681,512,225	1,665,667,281
9.1.1 Deferred tax		
Deferred tax has been calculated based on deductible/taxable temporary difference arising due to difference in the carrying amount of the assets and its tax base in accordance with the provision of International Accounting Standard (IAS) 12: "Income Taxes".		
9.a Consolidated other assets		
IIDFCL	3,270,034,072	3,227,334,214
IIDFC Securities Limited (Note-9.a.1)	349,869,480	271,523,079
IIDFC Capital Limited (Note-9.a.2)	88,813,424	106,224,245
	3,708,716,976	3,605,081,538
Less: Inter-company investment		
IIDFC Securities Limited	999,874,970	999,874,970
IIDFC Capital Limited	599,988,000	599,988,000
	1,599,862,970	1,599,862,970
Total	2,108,854,006	2,005,218,568
9.a.1 Other assets of IIDFC Securities Limited		
Cost of TREC holding	85,978,830	85,978,830
Advance rent	969,240	1,819,240
Stamp in hand	-	-
Security deposits	363,956	363,956
Advance tax	193,309,957	158,402,527
Others	69,247,497	24,958,526
Total	349,869,480	271,523,079

	2021	2020
	BDT	BDT
9.a.2 Other assets of IIDFC Capital Limited		
License fee	30,196,209	30,196,209
Receivable from brokerage houses	146,847	20,659,752
Security deposits	200,000	200,000
Advance tax	50,139,755	49,034,251
Deferred tax assets	73,838	77,017
Others	8,056,775	6,057,016
Total	88,813,424	106,224,245
10 Non-banking assets	12,287,820	12,287,820

This represents assets owned under the 'Certificate of Ownership' given by the competent court under section 33(7) of Artha Rin Adalat Ain 2003.

11 Borrowings from other banks, financial Institutions & agents

Inside Bangladesh:

Refinance against SME and other loans from Bangladesh Bank	1,476,402,259	1,274,193,454
From other scheduled Banks (Note - 11.1)	3,673,679,023	4,247,914,455
Sub Total	5,150,081,282	5,522,107,909

Outside Bangladesh

	-	-
Total	5,150,081,282	5,522,107,909

11.1 From other scheduled banks & financial institutions

Long term loan

Social Islami Bank Ltd.	126,652,697	211,882,884
Pubali Bank Ltd.	902,318,085	1,039,232,428
Uttara Bank Limited	657,361,012	655,025,096
National Credit and Commerce Bank Ltd.	115,916,965	128,520,891
Trust Bank Ltd.	538,336,934	337,969,553
Midland Bank Ltd.	156,653,739	170,825,258
Sub-Total	2,497,239,432	2,543,456,110

Short term loan, overdraft and money at call & short notice

Union Bank Limited	-	141,315,000
Sonali Bank Limited	110,000,000	120,000,000
Mutual Trust Bank Limited	469,661,978	500,252,252
South Bangla Agriculture & Commerce Bank Ltd.	78,000,000	230,000,000
Lankan Alliance Finance Limited	100,000,000	50,000,000
Public Bank	398,777,613	502,894,867
Woori Bank	-	159,996,226
National Credit and Commerce Bank Ltd.	20,000,000	-

Sub-Total	1,176,439,591	1,704,458,345
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Grand Total	3,673,679,023	4,247,914,455
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Security against borrowings from other banks, financial institutions and agents

Secured	2,805,239,432	3,745,019,588
Unsecured	868,439,591	502,894,867
Total	3,673,679,023	4,247,914,455

Security is covered by first equitable mortgage of all present and future immovable properties and by floating charges on movable assets of the Company ranking pari-passu among the lenders. The Company has a Pari Passu Security Sharing Agreement (PPSSA) among the secured lenders stipulating the procedure in the sharing of the security provided by the Company. Loans repayable within one year have been placed under current liabilities. Details of loans are as follows:

Maturity grouping of borrowings from other banks, financial institutions and agents

Payable on demand	1,137,549,698	1,315,360,916
Up to 1 month	774,441,707	895,495,251
Over 1 month but within 6 months	558,381,560	645,662,586
Over 6 months but within 1 year	372,254,373	430,441,724
Over 1 year but within 5 years	188,018,886	217,408,255
Over 5 years	643,032,800	743,545,723
Total	3,673,679,023	4,247,914,455

	2021 BDT	2020 BDT
11.a Consolidated borrowings from other banks, financial Institutions & agents Inside Bangladesh		
IIDFCL	5,150,081,282	5,522,107,909
IIDFC Securities Limited (Note-11.a.1)	561,896,821	600,994,992
IIDFC Capital Limited (Note-11.a.2)	19,027,006	-
	5,731,005,109	6,123,102,901
Less: Inter company borrowings		
IIDFC Securities Limited	379,526,729	573,761,153
IIDFC Capital Limited	-	-
	379,526,729	573,761,153
Total	5,351,478,380	5,549,341,748
11.a.1 Borrowings of IIDFC Securities Limited		
Inside Bangladesh		
IIDFC Ltd.	379,526,729	573,761,153
Investment Corporation of Bangladesh	38,054,016	-
ONE Bank Limited	46,497,294	27,233,839
Mercantile Bank	97,818,782	-
Total	561,896,821	600,994,992
11.a.2 Borrowings of IIDFC Capital Limited		
IIDFC Ltd.	-	-
Investment Corporation of Bangladesh (ICB)	19,027,006	-
Standard Bank Ltd.	-	-
Total	19,027,006	-
12 Deposits & other accounts		
Deposits from banks and financial institutions (Note-12.1)	3,230,000,000	4,550,732,003
Deposits from customers	5,832,128,157	5,660,799,781
Sub-Total	9,062,128,157	10,211,531,784
Other deposit	2,511,968	2,366,560
Grand Total	9,064,640,125	10,213,898,344
IIDFC maintains the highest level of commitment to depositors in terms of repayment, customer service and best returns from their investment.		
12.1 Deposits from banks and financial institutions		
Agrani Bank Limited	200,000,000	200,000,000
AB Bank Ltd.	-	100,000,000
BRAC Bank Limited	140,000,000	840,000,000
The City Bank Ltd.	830,000,000	850,000,000
Sonali Bank Limited	200,000,000	190,000,000
Janata Bank Limited	200,000,000	200,000,000
Mercantile Bank Limited	-	30,732,003
Shahjalal Islami Bank Limited	650,000,000	930,000,000
Shimanto Bank Limited	600,000,000	600,000,000
National Credit & Commerce Bank Limited	260,000,000	260,000,000
NRB Commercial Bank Limited	50,000,000	-
Bangladesh Finance Limited	100,000,000	-
Modhumoti Bank Ltd.	-	350,000,000
	3,230,000,000	4,550,732,003
12.2 Maturity grouping of deposits & other accounts		
Payable on demand	-	-
Up to 1 month	494,037,067	556,673,438
Over 1 month but within 6 months	2,339,747,938	2,636,392,318
Over 6 months but within 1 year	3,587,834,816	4,042,717,591
Over 1 year but within 5 years	2,325,931,275	2,620,823,913
Over 5 years but within 10 years	317,089,028	357,291,084
Over 10 years	-	-
Total	9,064,640,125	10,213,898,344
12.a Consolidated Deposits & Other Accounts		
IIDFCL	9,062,128,157	10,211,531,784
IIDFC Securities Limited	-	-
IIDFC Capital Limited (Note-12.a.1)	-	-
Sub Total	9,062,128,157	10,211,531,784
Other Deposit	2,511,968	2,366,560
Total	9,064,640,125	10,213,898,344

	2021 BDT	2020 BDT
12.a.1 Deposits & Other Accounts of IIDFC Capital Limited		
Deposits from Banks	-	-
Deposits from Customers	-	-
Total	-	-
13 Other Liabilities		
Finance loss reserve (Note 13.1)	1,469,631,110	892,179,870
Deferred tax	822,927	671,924
Interest suspense account (Note 13.2)	656,975,148	421,232,974
Lease rental advance	16,923,447	20,108,022
Provision for current tax (Note 38)	664,157,489	657,279,245
Liabilities for financial expenses	83,042,394	97,588,480
Liabilities for expenses	5,910,787	921,980
Liabilities for other finance	-	76,416,303
Lease liability	19,637,215	37,531,720
Total	2,917,100,517	2,203,930,518
13.1 Finance Loss Reserve		
Specific Provision on Classified Loans & Advances		
Opening Balance	671,366,104	616,519,312
Less: Provision fully provided loans & advances written-off during the year	(6,104,803)	(66,555,044)
Add: Specific provision provided during the year	535,675,602	121,401,836
Closing balance	1,200,936,903	671,366,104
Provision for diminution in value of Investments		
Opening Balance	87,925,415	131,446,605
Add: Provision during the year	34,271,249	(43,521,190)
Closing Balance	122,196,664	87,925,415
General Provision on unclassified Loans & Advances		
Opening balance	132,888,351	140,618,117
Add: General provision provided during the year	(29,657,465)	(7,729,766)
Closing Balance	103,230,886	132,888,351
Additional provision	34,065,109	-
Other provision	9,201,548	-
Total	1,469,631,110	892,179,870
Particulars of required provision for Loans and Advances		
Status of classification	Base for provision	Rate
Unclassified (General provision)		
Standard - other than SME	5,441,696,384	1.0%
Standard - SME	2,412,335,764	0.25%
Standard - Own or Other brokerage house	479,730,492	2.00%
Special mention account (SMA)	558,681,635	5.0%
Total	8,892,444,275	97,976,495
Classified (Specific provision)		
Sub-standard (SS)	247,802,040	20.0%
Doubtful (DF)	543,622,609	50.0%
Bad/ loss (BL)	1,632,005,599	100.0%
Total	2,423,430,248	1,953,377,311
Required provision for Investments	122,196,664	87,925,415
Additional provision	34,065,109	-
Other provision	9,201,548	-
Total provision required	2,216,817,127	1,738,024,115
Total provision made	1,469,631,110	892,179,870
Excess /(Shortage) provision made	(747,186,017)	(845,844,245)
IIDFC has kept provision according to the time plan approved by Bangladesh Bank. The rest of the provision required to be kept of BDT 747.18 million will be absorbed by IIDFC during the next three years.		
13.2 Interest suspense account		
Opening Balance	421,232,974	368,350,000
Add: Amount transferred to interest suspense account during the year	243,618,375	56,098,240
Less: Amount written-off during the year	(7,876,201)	(3,215,266)
Closing Balance	656,975,148	421,232,974
IIDFC has kept interest suspense according to the time plan approved by Bangladesh Bank. The rest of the amount of interest suspense required to be kept of BDT 864.00 million will be absorbed by IIDFC during the next three years.		

13.a Other Liabilities

	2021 BDT	2020 BDT
IIDFCL	2,917,100,517	2,203,930,518
IIDFC Securities Limited (Note-13.a.1)	878,519,591	746,481,344
IIDFC Capital Limited (Note-13.a.2)	243,046,317	272,529,322
	4,038,666,425	3,222,941,184
Less: Inter company liabilities		
IIDFC Securities Limited	-	-
IIDFC Capital Limited	-	-
Total	4,038,666,425	3,222,941,184

13.a.1 Other Liabilities of IIDFC Securities Limited

Provision for loans & advances-margin loan	42,956,542	46,217,086
Provision for current tax	183,433,629	145,530,377
Payable to clients	251,353,921	129,482,272
Payable to merchant Banks (City Bank Capital, SEB Capital & IIDFC Capital)	134,832	3,531,902
Payable to DSE	112,169	512,295
Interest suspense account	374,113,891	402,509,112
Liability for expenses	12,378,605	5,605,623
Reserve for risk fund	1,216,667	1,116,667
Provision for diminution in value of investments	12,819,335	11,976,010
Total	878,519,591	746,481,344

As per BSEC's directive no. BSEC/SRI/Policy/3/2020/68 dated 12 January 2020; loans loss reserve has been maintained including interest suspense for BDT 417,070,433 which is equivalent to 40.48%.

13.a.2 Other liabilities of IIDFC Capital Limited

Finance loss reserve	172,310,330	188,802,548
Provision for diminution in value of investment	10,165,877	10,165,877
Current tax liability	52,702,427	49,620,750
Liability for financial expenses(Portfolio Investors' Fund)	7,055,036	635,694
Liability for expenses	812,647	5,322,527
Payable to Brokerage & Others	-	17,981,926
Total	243,046,317	272,529,322

Loan loss reserve has been maintained following the BSEC directive no. SEC/CMRRCD/2009-193/196 dated 28 December 2016 and subsequent directive number BSEC/SRI/policy/3/2020/68 dated 12 January 2020.

14 Share Capital

Authorized Capital

(500,000,000 shares of Tk. 10 each)

5,000,000,000

Subscribed & Paid-up Capital:

(173,777,068 shares of Tk. 10 each)

1,737,770,680

Paid-up Share Capital as on 31 December, 2021 comprises the followings

Public Sector

Name of Shareholders

	No. of Shares	Value	Percentage
Sonali Bank Limited	13,380,903	133,809,030	7.70%
Janata Bank Limited	13,380,903	133,809,030	7.70%
Investment corporation of Bangladesh	13,380,903	133,809,030	7.70%
	40,142,709	401,427,090	23.10%

Private sector

AB Bank Ltd.	2,667,923	26,679,230	1.54%
Bank Asia Ltd.	13,380,903	133,809,030	7.70%
BRAC Bank Ltd.	10,449,259	104,492,590	6.01%
The City Bank Ltd.	13,380,903	133,809,030	7.70%
Mutual Trust Bank Ltd.	13,380,903	133,809,030	7.70%
National Bank Ltd.	13,380,903	133,809,030	7.70%
ONE Bank Ltd.	13,380,903	133,809,030	7.70%
Southeast Bank Ltd.	10,449,259	104,492,590	6.01%
Eastland Insurance Co. Ltd.	10,449,259	104,492,590	6.01%
National Life Insurance Co. Ltd.	13,380,903	133,809,030	7.70%
Pragati Insurance Ltd.	13,380,903	133,809,030	7.70%
Mr. Md. Matiuul Islam	5,952,338	59,523,380	3.43%
	133,634,359	1,336,343,590	76.90%
Total	173,777,068	1,737,770,680	100.00%

14.1 Capital adequacy

As per sub-section 3(Ga) of section 4 of the Financial Institutions Regulations 1994 and DFIM Circular No. 05 dated 24 July 2011 and DFIM Circular No. 09 dated 24 June 2014 the minimum paid up capital of the Financial Institution shall be Taka 100 crore. Provided that the sum of paid up capital and reserves shall not be less than the minimum capital determined under the Risk Based Assets of the Company.

	2021 BDT	2020 BDT
Paid up capital	1,737,770,680	1,737,770,680
Required capital as per Bangladesh Bank	1,000,000,000	1,000,000,000
Excess/(Shortage) capital	737,770,680	737,770,680

14.2 Capital adequacy and market discipline

As per Capital Adequacy and Market Discipline for Financial Institutions guideline of Bangladesh Bank, IIDFC calculated Minimum Capital Requirement (MCR) by dividing the total capital by the sum of risk weighted assets against credit risk, market risk, and operational risk under pillar-I. IIDFC maintain Capital Adequacy Ratio (CAR) of minimum 10%.

Tier-1 (Core Capital)

Fully paid-up capital/ capital lien with BB	1,737,770,680	1,737,770,680
Statutory reserve	371,950,483	371,950,483
Non-repayable share premium account (share money deposits)	-	-
General reserve	50,800,000	50,800,000
Retained earnings	(944,940,927)	(56,359,124)
Minority interest in subsidiaries	-	-
Non-cumulative irredeemable preference shares	-	-
Dividend equalization account	-	-
Other (if any item approved by Bangladesh Bank)	-	-
Sub-Total	1,215,580,236	2,104,162,039

Deductions from tier-1(Core capital)

Book value of goodwill and any value of any contingent assets which are shown as assets	-	-
Shortfall in provisions required against classified assets	-	-
Shortfall in provisions required against investment in share	-	-
Remaining deficit on account of revaluation of investments in securities after netting off any other surplus on the securities	-	-
Any investment exceeding the approved limit	-	-
Investments in subsidiaries which are not consolidated	-	-
Other (if any)	-	-
Sub-Total	-	-

Total eligible Tier-1 capital

2. Tier-2 (Supplementary capital)

General provision (Unclassified up to special limit + SMA + off balance sheet exposure)	169,793,241	179,536,479
Assets revaluation reserves up to 50%	-	-
Revaluation reserve for securities up to 50%	-	-
All other preference shares	-	-
Other (if any item approved by Bangladesh Bank)	-	-
Sub-Total	169,793,241	179,536,479
Deductions, if any	-	-
Total eligible Tier-2 capital	169,793,241	179,536,479

A Total capital	1,385,373,476	2,283,698,518
B Total risk weighted asset	15,258,720,143	15,796,231,196
C Required capital	1,525,872,014	1,579,623,120
D Surplus / (Deficit)	(140,498,537)	704,075,398
Capital adequacy ratio (CAR)	9.08%	14.46%
On core capital (Tier-1)	7.97%	13.32%
On supplementary capital (Tier-2)	1.11%	1.14%
15 Statutory reserve		
Opening balance	371,950,483	371,950,483
Add: Addition during the year	-	-
Closing balance	371,950,483	371,950,483

In compliance with the clause no 6 of Financial Institutions Regulations, 1994, Financial Institution is required to transfer at least 20% of it's profit after tax and before appropriation of dividend in a particular year, if the financial institution's sum of Share Premium Account (if any) and Statutory Reserve is less than the paid up capital of that financial institution.

	2021	2020
	BDT	BDT
16 General reserve		
Opening Balance	50,800,000	50,800,000
Add: Addition during the year	-	-
Closing balance	50,800,000	50,800,000
General reserve represents reserve for mitigating general and contingent situation which are unforeseen or uncertain relating to the Company and its stakeholders.		
16.a Consolidated general reserve		
IIDFCL	50,800,000	50,800,000
IIDFC Securities Limited	17,000,000	17,000,000
IIDFC Capital Limited	-	-
	67,800,000	67,800,000
17 Share Money Deposit		
Opening balance	-	310,809,600
Add: Addition during the year (Note. 17.1)	-	1,241,080
Less: Transfer as Right share and include in Paid-up Capital	-	(312,050,680)
Closing balance	-	-
17.1 Share Money Depots for Right Share:		
Janata Bank Limited	-	-
AB Bank Limited	-	-
The City Bank Limited	-	-
Mutual Trust Bank Limited	-	-
Sonali Bank Limited	-	-
Investment Corporation of Bangladesh(ICB)	-	-
Bank Asia Limited	-	-
National Bank Limited	-	-
Pragati Insurance Limited	-	-
National Life Insurance	-	-
Mr. Md. Matiul Islam	-	1,241,080
One Bank Limited	-	-
	-	1,241,080
The Board of Directors of IIDFC decided and approved to issue 1:3 (One share for every existing three shares) Right Share among existing Shareholders at face value of BDT 10 per share and without any premium. Out of total Shareholders, above Shareholder paid his respective amount before 31st December 2020.		
18 Stock dividend		
Opening balance	-	117,720,000
Add: Stock dividend for 2018	-	-
Less: Converted into paid up capital	-	(117,720,000)
Closing balance	-	-
18.a Consolidated stock dividend		
IIDFC Limited	-	-
IIDFC Securities Ltd.	-	-
IIDFC Capital Limited	-	-
	-	-
19 Retained earnings		
Opening balance	(56,359,123)	32,271,341
Less: Non-divisible profit	-	-
Net profit during the year	(888,581,804)	(88,630,465)
Less: Statutory reserve	-	-
Less: General reserve	-	-
Closing balance	(944,940,927)	(56,359,124)
19.a Consolidated Retained earnings		
IIDFCL	(944,940,927)	(56,359,124)
IIDFC Securities Limited (Note-19.a.1)	110,113,292	107,688,520
IIDFC Capital Limited (Note-19.a.2)	(25,321,211)	(26,961,958)
Sub-Total	(860,148,846)	24,367,438
Less: Non-controlling interest	13,261	12,925
Total	(860,162,107)	24,354,513

	2021	2020
	BDT	BDT
19.a.1 Retained earnings of IIDFC Securities Limited		
Opening balance	107,688,520	106,615,458
Add: Prior year adjustment	-	-
Add: Net profit during the year	2,424,772	1,073,062
Less: Stock dividend	-	-
Closing balance	110,113,292	107,688,520

Opening balance	(26,961,958)	(29,209,975)
Net profit during the year	1,640,747	2,248,017
Closing balance	(25,321,211)	(26,961,958)

Share capital	137,030	137,030
Retained earnings	13,261	12,925
General reserve	2,126	2,126
Closing balance	152,417	152,081

20 **Contingent liabilities & capital expenditure commitments**

Letter of guarantee:

Directors	-	-
Government	-	-
Banks and other financial institutions	-	-
Others (Note-20.1)	202,396,222	203,549,122
Sub Total	202,396,222	203,549,122

For import of equipments under lease finance

Sub-Total	-	-
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20.1 Others

202,396,222	203,549,122
202,396,222	203,549,122

There was no capital expenditure contracted but not incurred or provided for as on 31 December, 2021, or no capital expenditure authorized by the Board but not contracted as on 31 December, 2021.

21 Interest income

Interest income from balance with other banks & financial institutions	17,932	2,636,788
Interest income from lease finance	110,675,443	172,547,995
Interest income from direct/ term finance	868,129,055	1,729,375,798
Interest income from FDR placement	26,635,826	45,672,314
Interest income from bills discounted & purchased	148,694	1,866,530
Total	1,006,065,037	1,951,500,767

IIDFCL	1,006,065,037	1,951,500,767
IIDFC Securities Limited (Note-21.a.1)	95,583,595	63,964,490
IIDFC Capital Limited (Note-21.a.2)	14,018,153	14,882,419
	1,115,666,785	2,030,347,676

Less: Inter company transaction		
IIDFC Securities Limited	60,850,100	57,776,993
IIDFC Capital Limited	-	252,945

60,850,100	58,029,938
1,054,816,685	1,972,317,738

	2021 BDT	2020 BDT
21.a.1 Interest income of IIDFC Securities Limited		
Interest income from margin loan	87,715,246	51,451,816
Interest Income from FDR	436,019	4,401,859
Interest Income from Staff loan	75,559	132,394
Interest income from balance with other banks	7,356,771	7,978,421
Total	95,583,595	63,964,490
21.a.2 Interest income of IIDFC Capital Limited		
Interest income from margin loan	14,018,153	14,882,419
Interest income from balance with other banks & financial institutions	-	-
Total	14,018,153	14,882,419
22 Interest paid on deposits, borrowings etc.		
Interest on deposits		
Fixed deposits	304,706,315	460,101,719
Short-term deposits	527,153,750	813,325,010
Other deposits	-	-
	831,860,065	1,273,426,729
Interest on borrowings		
For borrowings from other banks, financial institutions		
Long term loan	260,165,021	308,284,602
Overdraft facilities	70,046,588	137,458,455
Money at call and short notice	24,925,429	53,865,705
	355,137,038	499,608,762
Interest on lease rent	2,785,197	3,882,359
Total	1,189,782,299	1,776,917,850
22.a Consolidated interest paid on deposits, borrowings etc.		
IIDFCL	1,189,782,299	1,776,917,850
IIDFC Securities Limited (Note-22.a.1)	63,815,229	59,269,710
IIDFC Capital Limited (Note-22.a.2)	847,000	252,945
	1,254,444,528	1,836,440,505
Less: Inter company transaction		
IIDFC Securities Limited	60,850,100	57,776,993
IIDFC Capital Limited	-	252,945
	60,850,100	58,029,938
Total	1,193,594,428	1,778,410,567
22.a.1 Interest paid on deposits, borrowings etc. of IIDFC Securities Limited		
Interest on borrowing from IIDFC Ltd .	60,850,100	57,776,993
Interest on borrowing from bank & other financial institutions	2,965,129	1,492,717
Total	63,815,229	59,269,710
22.a.2 Interest paid on deposits, borrowings etc. of IIDFC Capital Limited		
Interest on borrowing from bank & other financial institutions	-	252,945
Interest on Demand Loan	847,000	-
Total	847,000	252,945
23 Income from investment		
Capital gain	95,093,224	12,026,882
Interest income from Bond & Others	12,683,544	4,250,000
Interest income from Unit Fund (loss)	(5,074,660)	1,549,056
Dividend income	13,960,441	8,030,163
Total	116,662,550	25,856,102
23.a Consolidated income from investment		
IIDFCL	116,662,550	25,856,102
IIDFC Securities Limited (Note-23.a.1)	66,184,970	11,484,084
IIDFC Capital Limited (Note-23.a.2)	25,874,009	6,351,377
Total	208,721,529	43,691,563
23.a.1 Income from investment of IIDFC Securities Limited		
Dividend income	1,623,399	11,220,753
Capital gain on investment in securities	64,561,571	263,331
Total	66,184,970	11,484,084

	2021	2020
	BDT	BDT
23.a.2 Income/(Loss) from investment of IIDFC Capital Limited		
Dividend income	5,092,767	1,813,240
Capital gain/(loss) on investment in securities	20,781,242	4,538,137
Total	25,874,009	6,351,377
24 Commission, exchange and brokerage		
Commission on securities trading	-	-
Total	-	-
24.a Consolidated income from commission, exchange and brokerage		
IIDFCL	-	-
IIDFC Securities Limited	170,734,729	79,208,518
IIDFC Capital Limited	12,698,804	13,020,163
Total	183,433,533	92,228,681
25 Other operating income		
Syndication fee income	15,754,348	20,083,276
Bank guarantee income	-	-
Carbon finance income	-	136,012
Application & processing fees	1,599,155	341,177
Transfer fees	40,511	103,996
Notice charge	1,385,791	321,440
Profit from sale of fixed assets	1,020,199	760,000
Cancellation charges	-	236,882
Other income	11,212,019	8,106,970
Total	31,012,023	30,089,753
25.a Consolidated other operating income		
IIDFCL	31,012,023	30,089,753
IIDFC Securities Limited (Note-25.a.1)	8,251,501	1,879,120
IIDFC Capital Limited (Note-25.a.2)	537,312	1,651,102
Total	39,800,836	33,619,975
25.a.1 Other operating income of IIDFC Securities Limited		
BO & trading accounts maintenance income	779,550	480,654
Income against CDBL charges	-	-
Gain on disposal of assets	245,200	12,866
Cheque dishonour charges	41,000	39,000
Others	487,451	1,346,600
Income from dealer account	6,517,582	-
Reversal of payable to SBCSL (Note 13.a.1)	180,718	-
Total	8,251,501	1,879,120
25.a.2 Other operating income of IIDFC Capital Limited		
Non Operating Income	537,312	1,651,102
Underwriting commission	-	-
Service Charge & Commission	-	-
Total	537,312	1,651,102
26 Salaries & allowances		
Basic salary	90,532,368	85,529,499
Allowances	57,883,258	53,267,765
Festival bonus	12,343,675	12,050,375
Incentive bonus	-	-
Company's contribution provident fund	7,679,140	6,971,853
Group insurance	3,701,642	2,284,178
Retirement benefits & gratuity	825,000	12,100,000
Total	172,965,083	172,203,670
Salaries and allowances of IIDFC Limited include annual contribution to Provident Fund and Gratuity Fund. This Provident Fund and Gratuity Fund is also applicable for IIDFC group also.		
IIDFC Limited operates a funded gratuity scheme (which is a defined benefit scheme as specified in IAS 19). Gratuity fund is administered by a Board of Trustees and Company contributions are invested separately from company assets. Employees are entitled to gratuity benefit after completion of a minimum years of service with the Company. The Company is contributing to the fund as per yearly requirement based on present employees status and payment requirement.		
26.a Consolidated salaries & allowances		
IIDFCL	172,965,083	172,203,670
IIDFC Securities Limited (Note-26.a.1)	60,708,255	45,816,390
IIDFC Capital Limited (Note-26.a.2)	12,455,850	12,269,921
Total	246,129,188	230,289,981

	2021	2020
	BDT	BDT
26.a.1 Salaries & allowances of IIDFC Securities Limited		
Basic salary	15,774,388	16,517,394
Allowances	11,551,468	11,732,683
Bonus	6,563,117	1,409,362
Company's contribution to provident fund	1,514,313	1,575,647
Group insurance	741,611	718,941
Retirement benefits & gratuity	600,000	393,170
Leave fare assistance	1,322,425	1,606,494
Leave encashment	2,550,037	1,224,475
Associate salary	18,586,694	9,060,224
Casual staff salary	1,504,202	1,578,000
Total	60,708,255	45,816,390
26.a.2 Salaries & allowances of IIDFC Capital Limited		
Basic salary	5,458,359	5,495,364
Allowances	3,950,845	3,895,537
Bonus	894,506	915,894
Company's contribution provident fund	545,838	549,540
Group Insurance	207,647	225,565
Cleaning staff salary	144,226	36,000
Retirement benefits & gratuity	445,254	161,766
Leave fare assistance	437,683	457,947
Leave encashment	354,630	532,308
Others	16,862	-
Total	12,455,850	12,269,921
27 Rent, taxes, insurance, electricity etc.		
Office rent	1,806,099	857,303
Rate & taxes	830,382	-
Insurance payment	233,463	591,817
Electricity, gas and water	3,423,803	3,210,547
Total	6,293,747	4,659,667
27.1 Disclosure related to office rent:		
Actual rent expenses	22,485,801	22,634,167
Less: Reclassification of rent expenses (as per IFRS-16: Leases)	20,679,702	21,776,864
Rent expense as reported	1,806,099	857,303
In addition the above mentioned change in rent expense, implementation of IFRS-16 has resulted in charging of depreciation against Right-of-use asset as disclose in Annexure-I and of interest expense on lease rent as disclosed in note-22		
27.a Consolidated rent, taxes, insurance, electricity etc.		
IIDFCL	6,293,747	4,659,667
IIDFC Securities Limited (Note-27.a.1)	7,280,225	13,134,069
IIDFC Capital Limited (Note-27.a.2)	1,132,024	1,511,827
Total	14,705,996	19,305,563
27.a.1 Rent, taxes, insurance, electricity etc. of IIDFC Securities Limited		
Rent, rates and taxes	6,566,441	12,109,281
Insurance	10,011	4,871
Electricity, gas and water	703,773	1,019,917
Total	7,280,225	13,134,069
27.a.2 Rent, taxes, insurance, electricity etc. of IIDFC Capital Limited		
Rent, rates and taxes	828,000	1,340,890
Water, gas and other bills	144,000	58,822
Electricity bill	160,024	112,115
Total	1,132,024	1,511,827
28 Legal expenses		
Professional charges	1,435,801	1,260,051
Legal expenses	5,779,721	3,579,720
Total	7,215,522	4,839,771
28.a Consolidated legal expenses		
IIDFCL	7,215,522	4,839,771
IIDFC Securities Limited	1,259,617	1,051,051
IIDFC Capital Limited	130,125	243,750
Total	8,605,264	6,134,572
29 Postage, stamp, telecommunications etc.		
Postage and courier	104,168	108,751
Phone, fax & internet	3,775,894	3,394,188
Total	3,880,062	3,502,939
29.a Consolidated postage, stamp, telecommunications etc.		
IIDFCL	3,880,062	3,502,939
IIDFC Securities Limited	1,816,964	1,687,128
IIDFC Capital Limited	283,471	309,261
Total	5,980,497	5,499,328

	2021	2020
	BDT	BDT
30 Stationery, printing, advertisement etc.		
Printing & stationery	2,340,725	2,589,983
Advertisement	1,492,078	919,769
Total	3,832,803	3,509,752
30.a Consolidated stationery, printing, advertisement etc.		
IIDFCL	3,832,803	3,509,752
IIDFC Securities Limited	741,591	409,708
IIDFC Capital Limited	172,331	113,759
Total	4,746,725	4,033,219
31 Managing director's salary and fees		
Basic salary	3,547,500	3,300,000
House rent allowance	1,773,750	1,650,000
Medical allowance	177,375	165,000
Entertainment allowance	177,375	165,000
Festival bonus	605,000	550,000
Car allowance (Note-36.1)	691,566	556,206
Employee Provident Fund	-	330,000
Group insurance	166,883	68,775
Incentive bonus	-	-
Leave fare assistance	-	-
Earned leave	-	-
Others	60,000	69,000
Total	7,199,449	6,853,981
32 Directors' Fees		
Directors' fees	792,000	632,000
Others Benefits	-	-
Total	792,000	632,000

The Company pays fees to its Directors for attending the Board Meeting and its Committee Meetings as permitted by the Bangladesh Bank. As per DFIM Circular # 03, dated February 24, 2010 Directors/Committee Members have been paid fees @ Tk. 5,000.00 for attending each meeting. At present, Directors/Committee Members are paying fees @ Tk. 8,000.00 for attending each meeting as per DFIM Circular # 13, dated November 30, 2015.

32.a Consolidated directors' fees		
IIDFCL	792,000	632,000
IIDFC Securities Limited	70,400	96,800
IIDFC Capital Limited	73,600	101,200
Total	936,000	830,000
33 Auditor's fees	529,000	454,250
33.a Consolidated auditor's fees		
IIDFCL	529,000	454,250
IIDFC Securities Limited	161,000	161,000
IIDFC Capital Limited	172,500	161,000
Total	862,500	776,250
34 Loans & advances written-off		
Loans & advances written-off during the year	-	-
Interest waived	-	-
Total	-	-
34.a Consolidated loans & advances written-off		
IIDFCL	-	-
IIDFC Securities Limited	144,558,034	4,613,296
IIDFC Capital Limited	31,000,000	16,355,001
Total	175,558,034	20,968,297
35 Repair, depreciation and amortizations of company's assets		
Repair of company's assets:		
Furniture & fixtures	107,585	31,076
Software's	1,101,986	-
Office equipments	602,749	553,575
Sub Total	1,812,320	584,651
Depreciation of company's assets		
Depreciation of Fixed assets including premises, furniture & fixtures	26,343,023	27,854,582
Sub Total	26,343,023	27,854,582
Amortization of intangible assets		
Computer software	488,881	1,253,976
Total repair and depreciation of company's assets	28,644,224	29,693,209

	2021	2020
	BDT	BDT
35.a Consolidated repair, depreciation and amortization of intangible assets		
Repair of company's assets		
IIDFCL	1,812,320	584,651
IIDFC Securities Limited	630,738	1,487,045
IIDFC Capital Limited	437,239	66,153
	2,880,297	2,137,849
Depreciation of Fixed assets including premises, furniture & fixtures		
IIDFCL	26,343,023	27,854,582
IIDFC Securities Limited	966,788	1,820,434
IIDFC Capital Limited	112,859	166,539
	27,422,670	29,841,555
Amortization of intangible assets		
IIDFCL	488,881	1,253,976
IIDFC Securities Limited	-	-
IIDFC Capital Limited	-	-
	488,881	1,253,976
Total repair and depreciation of assets	30,791,848	33,233,380
36 Other expenses		
Office maintenance	2,792,898	2,919,098
Travelling & conveyance	15,498,195	12,588,861
Meeting expenses	1,493,212	1,223,555
Entertainment	334,622	310,709
Car running & maintenance expenses	3,777,391	3,435,510
Bank charge & excise duty	1,318,291	835,743
Training expenses	206,007	311,158
NID Verification Charge	17,463	7,011
Membership fees & subscriptions	444,592	370,000
Books & periodicals	51,693	37,995
Donation and CSR Purpose	300	826,500
Project expenses	1,542,753	4,180
Total	27,477,417	22,870,320
36.1 Motor car/Motor cycle maintenance Expense		
As per Bangladesh Bank DFIM circular no # 12 dated 18 November 2015, Expenses regarding Motor Car / Motor Cycle maintenance breakup is given below:		
During the year 2021, total car maintenance and running cost of the Company was TK. 4,468,957 which was TK. 3,991,716 in the Y2020. The total costs includes fuel cost for running vehicles and maintenance costs for full year.		
36.a Consolidated other expenses		
IIDFCL	27,477,417	22,870,320
IIDFC Securities Limited	17,071,466	8,509,410
IIDFC Capital Limited	1,585,676	1,430,569
Total	46,134,559	32,810,299
37 Provision for loans & advances		
Provision for classified loans & advances	535,675,602	121,401,836
Provision for unclassified loans & advances	(29,657,465)	(7,729,766)
Provision for diminution in value of investments	34,271,249	(43,521,190)
Additional provision	34,065,109	-
Other provision	7,177,586	-
Provision for off-balance sheet items	2,023,962	-
Total	583,556,043	70,150,880
37.a Consolidated provision for loans & advances		
Provision for classified loans & advances	535,675,602	126,932,081
Provision for unclassified loans & advances	(29,657,465)	(7,729,766)
Provision for diminution in value of investments	35,114,574	(48,324,978)
Other provision	43,266,657	-
Total	584,399,368	70,877,337
38 Provision for tax		
Provisions for current tax has been made on the basis of the profit for the year as adjusted for taxation purposes in accordance with the provisions of The Income Tax Ordinance, 1984 and amendments made thereto. The current tax rate for the Company is 40% on taxable income. Adequate provision has been made for disputed tax against which appeal has been made and decision is pending.		
Provision for current tax		
Opening balance		
Add: Provision made during the year	657,279,245	655,279,245
	6,878,244	2,000,000
Less: Settlement during the year	-	-
Closing balance	664,157,489	657,279,245

	2021	2020
	BDT	BDT
38.1 Provision for deferred tax		
Opening balance	(8,911,583)	(6,700,381)
Add: Provision made during the year (Note-38.2)	3,275,521	(2,211,202)
Less: Deferred tax no more required-transferred to current tax	-	-
Less: Settlement during the year	-	-
Closing balance	(5,636,062)	(8,911,583)

Deferred tax is provided using the balance sheet method for all temporary differences arising between the tax base of assets and liabilities and their carrying values for financial reporting purposes as per International Accounting Standard (IAS) 12: "Income Taxes".

38.2 Deferred tax expense/(income)

Change in Deferred Tax Liability	151,003	11,232
Change in Deferred Tax Asset	3,124,518	(2,222,434)
	3,275,521	(2,211,202)

38.a Consolidated provision for tax

Opening balance	840,761,079	823,616,510
Add: Provision made during the year	47,863,173	19,556,695
Add: Deferred tax during the year	3,781,839	(2,412,126)
	51,645,012	17,144,569
Closing balance	892,406,091	840,761,079

39 Earnings per share (EPS)

Earnings Per Share as shown in the face of the Profit and Loss Account is calculated in accordance with International Accounting Standard (IAS) 33: "Earnings Per Share".

Basic Earnings Per Share has been calculated as follows:

Earnings attributable to ordinary shareholders (Net Profit after Tax)	(888,581,804)	(88,630,465)
Number of ordinary shares outstanding during the year	173,777,068	173,777,068
Basic earnings per share (in BDT)	(5.11)	(0.51)

No diluted earnings per share is required to be calculated for the period, as there was no convertible securities for dilution during the period.

39.a Consolidated Earnings per share (EPS)

Earnings Per Share as shown in the face of the Profit and Loss Account is calculated in accordance with International Accounting Standard (IAS) 33: "Earnings Per Share".

Basic earnings per share has been calculated as follows:

Earnings attributable to ordinary shareholders (Net Profit after Tax)	(884,516,285)	(85,309,386)
Number of ordinary shares outstanding during the year	173,777,068	173,777,068
Basic earnings per share (in BDT)	(5.09)	(0.49)

No diluted earnings per share is required to be calculated for the period, as there was no convertible securities for dilution during the period.

40 Related party transactions

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

Name of the parties	Nature of Loan/Lease	Nature of Transactions	Outstanding Balance 2021 BDT	Outstanding Balance 2020 BDT
AB Bank Ltd.	Sponsor Shareholder	STD/SND Account	3,057	3,057
AB Bank Ltd.	Sponsor Shareholder	Term Deposit	-	100,000,000
Bank Asia Ltd.	Sponsor Shareholder	STD/SND Account	20,958,675	42,339,131
BRAC Bank Limited	Sponsor Shareholder	Term Deposit	140,000,000	840,000,000
Janata Bank Ltd.	Sponsor Shareholder	STD/SND Account	4	4
Janata Bank Ltd.	Sponsor Shareholder	Term Deposit	200,000,000	200,000,000
Mutual Trust Bank Limited	Sponsor Shareholder	Overdraft	-	500,252,252
Sonali Bank Limited	Sponsor Shareholder	Call Loan	110,000,000	-
Sonali Bank Limited	Sponsor Shareholder	Term Deposit	200,000,000	190,000,000
Southeast Bank Ltd.	Sponsor Shareholder	SND Account	-	1,771,278
The City Bank Ltd.	Sponsor Shareholder	STD/SND Account	2,383	2,383
The City Bank Ltd.	Sponsor Shareholder	Term Deposit	830,000,000	850,000,000

Segment Revenue and profit	For the year 2021			
	Core Financing Business	Brokerage House Business	Merchant Banking Business	Total Business as a Group
Revenue income				
Net interest income	(183,717,262)	31,768,366	13,171,153	(138,777,743)
Investment income	116,662,550	66,184,970	25,874,009	208,721,529
Commission and brokerage	-	170,734,729	12,698,804	183,433,533
Other operating income	31,012,023	8,251,501	537,312	39,800,836
Inter-segment revenue	(60,850,100)	-	-	(60,850,100)
Total Segment Revenue (A)	(96,892,789)	276,939,566	52,281,278	232,328,055
Other operating expenses	171,147,303	173,448,190	47,442,816	392,038,309
Major non-cash expenses				
Depreciation	26,831,904	966,788	112,859	27,911,551
Provision for future losses	583,556,043	726,457	-	584,282,500
Inter-segment expense adjustment	-	60,850,100	-	60,850,100
Total Segment Expense (B)	781,535,250	235,991,535	47,555,675	1,065,082,460
Reportable segment profit before tax (A-B)	(878,428,040)	40,948,031	4,725,603	(832,754,406)

Segment Revenue and profit	For the year 2020			
	Core Financing Business	Brokerage House Business	Merchant Banking Business	Total Business as a Group
Revenue income				
Net interest income	174,582,917	4,694,780	14,629,474	193,907,171
Investment income	25,856,102	11,484,084	6,351,377	43,691,563
Commission and brokerage	-	79,208,518	13,020,163	92,228,681
Other operating income	30,089,753	1,879,120	1,651,102	33,619,975
Inter-segment revenue/interest expense adjustment	(58,029,938)	-	-	(58,029,938)
Total Segment Revenue (A)	172,498,834	97,266,502	35,652,116	305,417,452
Other operating expenses	162,081,063	19,188,904	32,309,496	213,579,463
Major non-cash expenses				
Depreciation	29,108,558	1,820,434	166,539	31,095,531
Provision for future losses	70,150,880	726,457	-	70,877,337
Inter-segment expense Adjustment	-	57,776,993	252,945	58,029,938
Total Segment Expense (B)	261,340,501	79,512,788	32,728,980	373,582,269
Reportable segment profit before tax (A-B)	(88,841,667)	17,753,714	2,923,136	(68,164,817)

Segment assets and liabilities	For the year 2021			
	Core Financing Business	Brokerage House Business	Merchant Banking Business	Total Business as a Group
Segment Assets				
Total Assets	18,347,402,160	2,567,531,831	836,752,112	21,751,686,102
Inter-segment assets	(379,526,729)	(379,526,729)	-	(759,053,458)
Total Segment Assets	17,967,875,431	2,188,005,102	836,752,112	20,992,632,644
Segment Liabilities				
Total liabilities	17,131,821,924	1,440,416,412	281,100,329	18,848,460,421
Inter-segment liabilities	(379,526,729)	(379,526,729)	-	(759,053,458)
Total Segment Liabilities	16,752,295,195	1,060,889,683	281,100,329	18,089,406,963
Total Segment Equity	1,215,580,236	1,127,115,419	555,651,783	2,903,225,681

Segment assets and liabilities	For the year 2020			
	Core Financing Business	Brokerage House Business	Merchant Banking Business	Total Business as a Group
Segment Assets				
Total Assets	20,044,098,810	2,472,166,982	845,567,364	23,361,833,156
Inter-segment assets	(573,761,153)	(573,761,153)	-	(1,147,522,306)
Total Segment Assets	19,470,337,657	1,898,405,829	845,567,364	22,214,310,850
Segment Liabilities				
Total liabilities	17,939,936,771	1,347,476,336	272,529,322	19,559,942,429
Inter-segment liabilities	(573,761,153)	(573,761,153)	-	(1,147,522,306)
Total Segment Liabilities	17,366,175,618	773,715,183	272,529,322	18,412,420,123
Total Segment Equity	2,104,162,039	1,124,690,646	573,038,042	3,801,890,727

42 Board meetings

During the year total number of Board Meetings was 07, which was held at the following dates:

Serial Number	No. Meeting	Date of Meeting
1	230th Meeting	18-Feb-21
2	231st Meeting	23-Jun-21
3	232nd Meeting	5-Aug-21
4	233rd Meeting	26-Oct-21
5	234th Meeting	2-Dec-21
6	235th Meeting	22-Dec-21
7	236th Meeting	26-Dec-21

43 Disclosure on Audit committee

a. Particulars of audit committee

In pursuance of the directives of Bangladesh Bank vide DFIM circular no 10 dated 18 September 2005 & DFIM circular No. 13 dated 26 October 2011, the Board of Directors in its meeting Constituted an Audit Committee. Presently, the Audit Committee members are:

Name	Status in the board	Status in the committee	Other engagement
1. Mr. Syed Mahbubur Rahman	Vice-Chairman	Chairman	CEO & Managing Director, Mutual Trust Bank Limited
2. Mr. Md. Abdus Salam Azad	Director	Member	CEO & Managing Director, Janata Bank Limited
3. Mr. Md. Abul Hossain	Director	Member	Managing Director, ICB
4. Mr. Abu Zafore Md. Saleh	Director	Member	AMD, ONE Bank Limited
5. Mr. Kamal Uddin Ahammed	Director	Member	Director, Eastland Insurance Company Limited

The company Secretary of IIDFC Limited is acting as the secretary of the Committee

b. Meetings held by the committee during the year

Serial Number	No. Meeting	Date of Meeting
1	42nd Meeting	5-May-21
2	43rd Meeting	3-Jun-21
3	44th Meeting	29-Nov-21
4	45th Meeting	30-Dec-21

c. In the meeting amongst other the committee has discussed the following issues during the year 2021

- The audit committee reviewed the Financial Statements for the year ended 31 December 2020.
- Reviewed and discussed the Management Letter provided by the external auditor M/s. M M Rahman & Co. for the year ended 31 December 2020 on the annual audit of Financial Statements of IIDFC Limited.
- Reviewed and discussed the Bangladesh Bank inspection report on Internal Control and Compliance and management's response to thereon.
- Reviewed and discussed the Bangladesh Bank detailed Inspection Report 2019 and management's response to the report.
- Reviewed various reports like stress testing, Basel, Risk Management Paper etc. and all reports provided by ICC Department.
- Implementation of Core Risk Management Guidelines including Internal Control and Compliance Risk and status of compliance thereof.
- The status of recovery of classified loan and providing the necessary instruction to the management to reduce NPL.
- Reviewed financial performance of IIDFC all over the year and recommended to take necessary action for improving performance of the company.

44. Other Disclosure

44.1 Un-acknowledged debt

The Company has no claim against it which has not been acknowledged as debt at the balance sheet date.

44.2 Employees' information

A total number of 136 employees were employed in IIDFC as of 31 December 2021. All the employees received salary more than BDT 36,000.00 p.a. during the period 2021.

44.3 Written-off of accounts

During the year under review, total four loans & advances were written-off having outstanding of BDT. 13,930,004. Again BDT 69,770,310 was written-off in the corresponding previous years.

44.4 Subsequent events

No subsequent events are occurred after the balance sheet date.

44.5 Directors' responsibility statement

The Board of Directors take the responsibility for the preparation and presentation of these financial statements.

44.6 Date of authorization for issue

The consolidated financial statements as well as separate financial statements were authorized for issue by the Board of Directors on its meeting held on 23 November 2022.

45 General Disclosure

45.1 The figures appearing in this financial statements have been rounded off to the nearest integer.

45.2 Last year's figures have been rearranged wherever it is found necessary to confirm the current year's presentation.

Industrial and Infrastructure Development Finance Company Limited

Fixed Assets Schedule

As at 31 December 2021

Annexure - 1

Fixed assets including premises, furniture & fixtures

Serial No.	Particulars	COST				DEPRECIATION				Net Book Value as at 31 December 2021
		Balance as at 1 Jan 2021	Additions During the Year	Adjustment during the year	Balance as at 31 December 2021	Rate	Balance as at 1 Jan 2021	Charged during the year	Adjustment during the year	Balance as at 31 December 2021
1	Motor Vehicles	20,296,115	-	3,632,705	16,663,410	20%	15,944,102	1,844,602	3,085,107	14,703,597
2	Furniture & Fixtures	34,276,248	41,800	-	34,318,048	10%	17,663,959	2,416,951	-	20,080,910
3	Office Equipments	46,784,794	4,045,843	52,200	50,778,437	18%	37,929,319	4,186,965	28,185	42,088,099
4	Right-of-use asset	60,618,988	-	-	60,618,988	-	17,894,505	17,894,505	-	35,789,010
As at 31 December 2021		161,976,145	4,087,643	3,684,905	162,378,883		89,431,885	26,343,023	3,113,292	112,661,616
As at 31 December 2020		100,649,274	62,697,001	1,370,130	161,976,145		62,947,433	27,854,582	1,370,130	89,431,885
As at 31 December 2019		100,649,274	62,697,001	1,370,130	161,976,145		62,947,433	27,854,582	1,370,130	89,431,885

Amount in BDT

Intangible Asset - Computer Software

Serial No.	Particulars	COST				Rate	AMORTISATION				Net Book Value as at 31 December 2021
		Balance as at 1 Jan 2021	Additions During the Year	Adjustment during the year	Balance as at 31 December 2021		Balance as at 1 Jan 2021	Charged during the year	Adjustment during the year	Balance as at 31 December 2021	
1	Computer Software	13,131,471	566,989	2,657,642	11,040,818	18%	10,169,603	488,881	1,674,983	8,983,501	2,057,317
As at 31 December 2021		13,131,471	566,989	2,657,642	11,040,818		10,169,603	488,881	1,674,983	8,983,501	2,057,317
As at 31 December 2020		13,029,967	101,504	-	13,131,471		8,915,627	1,253,976	-	10,169,603	2,961,868

Amount in BDT

Industrial and Infrastructure Development Finance Company Limited

Consolidated Fixed Assets Schedule

As at 31 December 2021

Annexure - 1.a

Consolidated Fixed assets including premises, furniture & fixtures

Serial No.	Particulars	COST			Rate	DEPRECIATION			Net Book Value as at 31 December 2021
		Balance as at 1 Jan 2021	Additions During the Year	Adjustment during the year		Balance as at 1 Jan 2021	Charged during the year	Adjustment during the year	
1	Motor vehicles	21,904,256	-	3,632,705	20%	17,552,237	1,844,602	3,085,107	1,959,819
2	Furniture & fixtures	48,612,914	1,103,726	113,355	10%	30,780,461	3,828,981	108,821	15,102,664
3	Office equipments	65,736,791	5,182,486	52,200	18%	54,850,580	4,761,909	28,185	11,282,773
4	Right-of-use asset	60,618,988	-	-	0%	17,894,505	17,894,505	-	24,829,978
As on 31 December 2021		196,872,949	6,286,212	3,798,260		121,077,783	28,329,997	3,222,113	53,175,234
As on 31 December 2020		133,460,864	64,895,570	1,483,485		92,715,178	29,841,556	1,478,951	75,795,166

Intangible Asset

Serial No.	Particulars	COST			Rate	AMORTISATION			Net Book Value as at 31 December 2021
		Balance as at 1 Jan 2021	Additions During the Year	Adjustment during the year		Balance as at 1 Jan 2021	Amortized during the year	Adjustment during the year	
1	Computer software's	16,298,302	566,989	2,657,642	18%	13,336,424	488,881	1,674,983	2,057,327
As on 31 December 2021		16,298,302	566,989	2,657,642		13,336,424	488,881	1,674,983	2,057,327
As on 31 December 2020		16,196,798	101,504	-		12,082,448	1,253,976	-	2,961,878

Industrial and Infrastructure Development Finance Company Limited

Highlights

Annexure-2

Sl.	Particulars	Amount in BDT	
		2021	2020
1	Paid-up capital	1,737,770,680	1,737,770,680
2	Total capital	1,215,580,236	2,104,162,039
3	Capital surplus	215,580,236	1,104,162,039
4	Total assets	18,347,402,160	20,044,098,810
5	Total deposits	9,064,640,125	10,213,898,344
6	Total leases, loans and advances	13,926,094,156	15,272,371,452
7	Total contingent liabilities and commitments	202,396,222	203,549,122
8	Credit deposit ratio	153.63%	149.53%
9	Percentage of classified loans against total loans and assets	35.51%	23.42%
10	Profit after tax and provision	(888,581,804)	(88,630,465)
11	Amount of classified loan during year	4,944,721,628	3,576,185,480
12	Provisions kept against classified loans	1,953,377,311	671,366,104
13	Provision surplus/(Shortage) against classified loans**	(747,186,017)	(845,844,245)
14	Cost of fund	7.58%	8.80%
15	Interest earnings assets	14,245,024,925	15,938,966,197
16	Non- interest earnings assets	4,090,089,415	4,092,844,793
17	Return on investment (ROI)	7.9%	12.6%
18	Return on assets (ROA)	(4.79%)	(0.44%)
19	Income from investment	1,122,727,587	1,977,356,868
20	Earnings per share	(5.11)	(0.51)
21	Net Income per share	(5.11)	(0.51)
22	Price earnings ratio	N/A	N/A





Employees of
IIDFC Capital Limited



Independent Auditor's Report

To the Shareholders of IIDFC Capital Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of IIDFC Capital Limited (the company), which comprise the statement of financial position (balance sheet) as at 31 December 2021, and the statement of profit or loss and other comprehensive income (profit and loss account), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

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

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with IFRSs, 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditor's Report

To the Shareholders of IIDFC Capital Limited

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

Report on other legal and regulatory requirements

In accordance with the Companies Act 1994, we also report the following:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) 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 these books; and
- c) The statement of financial position (balance sheet) and statement of profit or loss and other comprehensive income (profit and loss account) dealt with by the report are in agreement with the books of account.

Auditor's Signature : Sd/-
Name of Engagement Partner : Md. Moktar Hossain, FCA, Senior Partner
Enrollment No. : 728
Firm's Name : S. F. AHMED & CO., Chartered Accountants
Firm's Reg. No. : 10898 E.P. under Partnership Act 1932
Document Verification Code (DVC) : 2207280728AS610234
Dated, 28 July 2022

IIDFC Capital Limited

Statement of Financial Position (Balance Sheet) As at 31 December 2021

	Notes	2021 BDT	2020 BDT
Assets			
Non-current assets			
Property, plant and equipment	4	288,443	401,302
Intangible asset	5	10	10
Deferred tax asset	6	73,838	77,017
		362,291	478,329
Current assets			
Margin loans to clients	7	622,779,125	630,480,180
Investment in securities	8	115,356,700	90,535,179
Advance income tax	9	50,139,755	49,034,251
Advances, deposits and prepayments	10	32,103,811	30,954,052
Account receivables	11	6,496,020	26,158,925
Cash and cash equivalents	12	9,514,410	17,926,448
		836,389,821	845,089,035
Total assets		836,752,112	845,567,364
Equity and liabilities			
Equity			
Share capital	13	600,000,000	600,000,000
Retained earnings	14	(25,321,211)	(26,961,958)
Total equity		574,678,789	573,038,042
Liabilities			
Non-current liabilities			
Term loan	15	19,027,006	-
		19,027,006	-
Current liabilities			
Portfolio Investors' Fund	16	7,055,036	635,694
Payable to stock broker	17	-	17,981,926
Accrued expenses	18	812,647	5,322,527
Investment diminution reserve	19	10,165,877	10,165,877
Loan loss reserve	20	172,310,330	188,802,548
Provision for income tax	21	52,702,427	49,620,750
		243,046,317	272,529,322
Total liabilities		262,073,323	272,529,322
Total equity and liabilities		836,752,112	845,567,364

These financial statements should be read in conjunction with the annexed notes

For and on behalf of Board of Directors of IIDFC Capital Limited

Sd/-
Chairman

Sd/-
Director

Sd/-
Company Secretary

Sd/-
Chief Executive Officer

Dhaka, Bangladesh
Dated, 28 July 2022

Sd/-
S. F. AHMED & CO.
Chartered Accountants
DVC: 2207280728AS610234

IIDFC Capital Limited

Statement of Profit or Loss and Other Comprehensive Income (Profit and Loss Account) For the year ended 31 December 2021

	Notes	2021 BDT	2020 BDT
Operating income			
Interest income	22	14,018,153	14,882,419
Interest expense	23	(847,000)	(252,945)
Net interest income		13,171,153	14,629,474
Income from investments	24	25,874,009	6,351,377
Income from merchant banking services	25	12,698,804	13,020,163
Other income	26	537,312	1,651,102
		39,110,125	21,022,642
Total operating income		52,281,278	35,652,116
Operating expenses			
Salaries and allowances	27	12,455,850	12,269,921
Rent, taxes, insurance and utilities	28	1,132,024	1,511,827
Postage, stamp and telecommunications	29	283,471	309,261
Stationery, printing and advertisement	30	172,331	113,759
Auditor's fee	31	172,500	161,000
Repair and maintenance	32	437,239	66,153
Depreciation and amortization	33	112,859	166,539
Bad loans written off	34	31,000,000	16,355,001
Administrative & other expenses	35	1,789,401	1,775,519
Total operating expenses		47,555,675	32,728,980
Operating profit		4,725,603	2,923,136
Provision for loans and Investments			
Diminution in value of investments	19	-	(5,530,245)
Loan loss reserve	20	-	5,530,245
Profit before tax		4,725,603	2,923,136
Income tax expense			
Current tax	36	3,081,677	679,596
Deferred tax (expense)/income	6	3,179	(4,477)
		3,084,856	675,119
Profit for the year		1,640,747	2,248,017
Other comprehensive income		-	-
Total comprehensive income		1,640,747	2,248,017
Earnings per share (EPS)	37	0.03	0.04

These financial statements should be read in conjunction with the annexed notes

For and on behalf of Board of Directors of IIDFC Capital Limited

Sd/-
Chairman

Sd/-
Director

Sd/-
Company Secretary

Sd/-
Chief Executive Officer

Dhaka, Bangladesh
Dated, 28 July 2022

Sd/-
S. F. AHMED & CO.
Chartered Accountants
DVC: 2207280728AS610234

IIDFC Capital Limited

Statement of changes in equity For the year ended 31 December 2021

Particulars	Share capital BDT	Retained earnings BDT	Total BDT
Year 2021			
Balance at 01 January 2021	600,000,000	(26,961,958)	573,038,042
Profit for the year	-	1,640,747	1,640,747
Balance at 31 December 2021	600,000,000	(25,321,211)	574,678,789
Year 2020			
Balance at 01 January 2020	600,000,000	(29,209,975)	570,790,025
Profit for the year	-	2,248,017	2,248,017
Balance at 31 December 2020	600,000,000	(26,961,958)	573,038,042

For and on behalf of Board of Directors of IIDFC Capital Limited

Sd/-
Chairman

Sd/-
Director

Sd/-
Company Secretary

Sd/-
Chief Executive Officer

Dhaka, Bangladesh
Dated, 28 July 2022

IIDFC Capital Limited

Statement of cash flows

For the year ended 31 December 2021

	2021	2020
	BDT	BDT
A. Cash flows from operating activities		
Profit before tax	4,725,603	2,923,136
Adjustment for non-cash item:		
Depreciation and amortisation	112,859	166,539
	4,838,462	3,089,675
(Increase)/Decrease in current assets:		
Advance income tax	(1,105,504)	(1,031,890)
Advances, deposits and prepayments	(1,149,759)	(557,843)
Account receivables	19,662,904	13,207,197
	17,407,641	11,617,464
Increase/(Decrease) in current liabilities:		
Portfolio Investors' Fund	6,419,342	147,154
Payable to stock broker	(17,981,926)	(16,020,068)
Accrued expenses	(4,509,880)	3,851,145
Investment diminution reserve	-	(5,530,245)
Loan loss reserve	(16,508,176)	(27,674,115)
	(32,580,640)	(45,226,129)
Net cash from/(used in) operating activities (A)	(10,334,537)	(30,518,990)
B. Cash flows from investing activities		
Investment in securities	(24,821,520)	(36,194,681)
Margin loans to clients	7,717,013	99,056,775
Net cash from/(used in) investing activities (B)	(17,104,507)	62,862,094
C. Cash flows from financing activities		
Receipt/(repayment) of term loan	19,027,006	(23,955,078)
Net cash from/(used in) financing activities (C)	19,027,006	(23,955,078)
D. Net changes in cash and cash equivalents (A+B+C)	(8,412,038)	8,388,026
E. Opening cash and cash equivalent	17,926,448	9,538,422
F. Closing cash and cash equivalent	9,514,410	17,926,448
Cash and bank balances have been arrived at as under:		
Cash in hand	11,668	25,178
Cash at bank	9,502,742	17,901,270
	9,514,410	17,926,448

For and on behalf of Board of Directors of IIDFC Capital Limited

Sd/-
Chairman

Sd/-
Director

Sd/-
Company Secretary

Sd/-
Chief Executive Officer

Dhaka, Bangladesh
Dated, 28 July 2022

IIDFC Capital Limited

Notes to the financial statements For the year ended 31 December 2021

1. Reporting entry

1.1 Company profile

IIDFC Capital Limited (the company) is a public company, limited by shares. The company was incorporated in Bangladesh vide certificate of incorporation no. C-H.C 2097 dated 30 November 1995 in the name of South Asia Capital Limited which was acquired by Industrial and Infrastructure Development Finance company Limited (IIDFC), a non-banking financial institution on 10 December 2009 and renamed as IIDFC Capital Limited. The company obtained license from Bangladesh Securities and Exchange Commission (BSEC) vide its registration certificate no. MB 41/2010 dated 26 April 2010 to carry out its merchant banking operations.

1.2 Nature of business

The principal activities of the company for which it was established include the business of issue management, portfolio management, corporate counseling, investment counseling, capital structuring and other services as mentioned in the Memorandum and Articles of Association of the company.

2. Basis of accounting

2.1 Statement of compliance

The financial statements have been prepared in compliance with the requirement of the International Financial Reporting Standards (IFRSs) which also cover International Accounting Standards (IASs) except some cases which are mentioned in note 3.9, the Companies Act 1994, Bangladesh Securities and Exchange (Merchant Banker and Portfolio Manager) Rules 1996 and other applicable laws and regulations.

2.2 Basis of measurement

The financial statements have been prepared on accrual basis of accounting following going concern concept under historical cost convention.

2.3 Functional and presentation currency

The financial statements are presented in Bangladesh Taka (BDT), which is both functional and presentation currency of the company.

2.4 Use of estimates and judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

2.5 Reporting period

The financial statements cover one year from 1 January 2021 to 31 December 2021.

2.6 Events after the reporting period

In compliance with the requirements of IAS 10: Events After the Reporting Period, post statement of financial position events that provide additional information about the Company's position at the statement of financial position date are reflected in the financial statements and events after the statement of financial position date that are not adjusting events are disclosed in the notes when material.

No material events had occurred after the reporting year to the date of issue these financial statements, which could affect the value stated in the financial statement.

2.7 Components of financial statements

- Statement of financial position (balance sheet);
- Statement of profit or loss and other comprehensive income (profit and loss statement);
- Statement of changes in equity;
- Statement of cash flows; and
- Summary of significant accounting policies and other explanatory information.

2.8 Going concern

The Company prepares financial statements on a going concern basis since as per management assessment there are no material uncertainties related to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern and it neither intends to liquidate the entity nor to cease trading, or has realistic alternative to do so.

2.9 Date of Authorization

The audited financial statements for the year ended 31 December 2021 were authorised by the Board of Directors in its 45th meeting dated 26 July 2022.

IIDFC Capital Limited

Notes to the financial statements For the year ended 31 December 2021

3. Significant accounting policies

The accounting policies set out below have been applied consistently, if not stated otherwise to all years presented in these financial statements.

3.1 Revenue recognition

Interest income from margin loan

Income from interest on margin loan is recognised on an accrual basis. Such income is calculated based on daily margin loan balance of the respective margin loan holder's account.

However, the unrecovered margin loan was transferred to a separate interest free-blocked account, no interest on the same amount was recognised during the reporting year.

Fees and commission income

Fees and commission income are recognised when the corresponding services are provided. Fees and commission income presented in the financial statements include the following:

- i) Management fee charged on the market value of customers' portfolios;
- ii) Trading commission charged to customers' trading in the secondary capital market;
- iii) Settlement fee charged to customers' trading in the secondary capital market;
- iv) Documentation fees charged to clients for opening accounts with the company; and
- v) Underwriting commission.

Dividend income

Dividend income is recognised when the right to receive dividend is established. Usually this is the dividend declaration date for equity securities.

Finance income

Finance income comprises interest income on bank deposit. Interest income is recognised as it accrues, using the effective interest rate method.

3.2 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-derivative financial instruments comprise investments in shares, margin loans, receivables, cash and cash equivalents, term loans, trade payables, customer deposits and share capital.

3.2.1 Financial assets

Financial assets refer to assets that arise from contractual agreements on future cash flows or from owning equity instruments of another entity.

The company initially recognises receivables on the date when they are originated. All other financial assets are recognised initially on the date at which the company becomes a party to the contractual provisions of the transaction.

The company derecognises a financial asset when the contractual rights or probabilities of receiving the cash from the assets expires, or it transfers the rights to receive the contractual cash flows from the financial assets in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets include cash and cash equivalents, accounts receivable, margin loans and investment in quoted securities.

Cash and bank balances

Cash and bank balances comprise cash in hand and bank deposits and there was insignificant risk of changes in value of these current assets.

Accounts receivable

Accounts receivables are recognised at original invoiced amount. They are stated at netted off provision for bad and doubtful debts and written off, if any.

Margin loan

Margin loan is provided to clients to facilitate investment in equity securities. They are initially classified as financial assets at fair value and subsequently measured at amortised cost.

Investment in quoted securities

Investment in quoted securities (such as stock/ shares, bonds, etc.) are securities those are officially listed (quoted) on a stock exchange for public trading. They are measured at cost and subsequent to initial measurement any fall in value of investment below cost is recognised in profit or loss and a provision for the fall in value is created.

IIDFC Capital Limited

Notes to the financial statements For the year ended 31 December 2021

3.2.2 Financial liabilities

A contractual obligation to deliver cash or another financial assets to another entity or to exchange financial instruments with another entity under conditions that are potentially unfavorable.

The company initially recognises financial liabilities on the transaction date at which the entity becomes a party to the contractual provisions of the liability. The entity recognises such financial liability when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the entity of resources embodying benefits.

The entity derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

Financial liabilities as presented in these financial statements comprise loans and borrowings, accounts payable and other payables.

Loans and borrowings

Loans and borrowings are recognised initially at value less attributable transaction costs. Subsequently these borrowings are stated at amortised cost using the effective interest rate method.

Accounts payable

Accounts payables are recognised at actual.

Offsetting financial assets and a financial liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the entity has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.3 Property, plant and equipment

3.3.1 Recognition and measurement

Tangible fixed assets are accounted for according to IAS 16: Property, plant and equipment at historical cost or revaluation less accumulated depreciation and the capital work-in-progress is stated at cost. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Any improvements that enhance the economic useful life of the property, plant and equipment or that improve the capacity and capitalised by adding it to the related property, plant and equipment.

3.3.2 Subsequent costs

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred. In compliance with the provisions of the Companies Act 1994, adjustment is made to the original cost of fixed assets acquired through foreign currency loan at the end of each financial year by any change in liability arising out of expressing the outstanding foreign loan at the rate of exchange prevailing at the date of balance sheet.

3.3.3 Depreciation

Depreciation on property, plant and equipment is charged using straight-line method. Full year's depreciation is charged on items in the year of their acquisition and no depreciation is charged in the year of disposal. Rates of depreciation on various classes of property, plant and equipment are as under:

Category of asset	Rate (%)
Motor vehicles	20
Furniture and fixtures	10
Office equipment	18

IIDFC Capital Limited

Notes to the financial statements For the year ended 31 December 2021

3.4 Intangible assets

Intangible asset is accounted for according to IAS 38: Intangible assets. Intangible asset acquired separately is initially recognised at cost. Following initial recognition, intangible asset is carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible asset "software" which is amortised @ 18%.

3.5 Statement of Cash Flows

Statement of Cash flows is prepared under indirect method in accordance with IAS 7: Statement of cash flows.

3.6 Income tax

Income tax expenses comprises current and deferred tax. Income tax is recognised in the statement of profit or loss other comprehensive income in accordance with IAS 12: Income taxes.

3.6.1 Current tax

The company qualifies as a "Merchant Bank" as defined in income tax laws. The applicable tax rate for the company is 37.5%.

3.6.2 Deferred tax

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity. The deferred tax asset or liability does not create a legal obligation to, or recoverability from, the income tax authority.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.7 Employee benefit

The company maintains a defined contribution plan (provident fund) and a retirement benefit obligations (gratuity fund) and group insurance benefits for its eligible permanent employees.

3.7.1 Defined contribution plan (provident fund)

Defined contribution plan is a post employment benefit plan under which the company provides benefits for all of its permanent employees. The recognised employees' provident fund is being considered as defined contribution plan as it meets the recognition criteria specified for this purpose. All permanent employees contribute 10% of their basic salary to the provident fund and the company also makes equal contribution.

The company recognises contribution to defined contribution plan as an expense when an employee has rendered required services. The legal and constructive obligation is limited to the amount it agrees to contribute to the fund. Obligations are created when they are due.

3.7.2 Retirement benefit obligations (gratuity fund)

The company maintains gratuity scheme for all its eligible permanent employees. Gratuity shall be admissible for all employees who rendered services to the company for a continuous period of, at least, five years and the amount of gratuity shall be computed at the rate of one month's basic pay for each completed year of service.

3.7.3 Group insurance benefits

The permanent employees of the company are covered under a group insurance scheme and the group insurance company provides group life, group hospitality and Out-Patient Days services.

IIDFC Capital Limited

Notes to the financial statements For the year ended 31 December 2021

3.8 Lease rental

The company has adopted IFRS 16: leases from 1 January 2019 to account for its leases for office space. The leases were previously accounted for under IAS 17, where the leases were classified as operating lease.

Under IFRS 16, a lessee shall recognise a right-of-use asset and a lease liability for all leases except where the leases are either in short-term nature or the leases are for under low value assets nature. Presently, leases of the company are in short-term or low value assets nature. Therefore, the company decided to recognise the lease payments associated with these leases as an expense.

3.9 Departure from IFRS

SL No.	Nature of departure	Title of IFRS	Treatment of IAS/IFRS	Treatment adopted as per Bangladesh Bank
1.	"Valuation of Investments in listed and non-listed shares"	IFRS 9 Financial Instruments	IFRS 9 describe that how classification, measurement and recognise of investments. Based on that investment in shares and securities generally falls either at "fair value through profit and loss account" (FVTPL) or at "fair value through other comprehensive income" (FVOCI) where any change in the fair value of investments measured under FVTPL is to taken to the profit and loss account and any changes in the fair value of securities measured under FVOCI is transferred to equity through other comprehensive income.	As per circular from Dhaka Stock Exchange Ltd. Ref no. DSE/COM/TAD/CLR/AAFS_2021/434 dated 09 April 2022 investment in securities can be presented at cost and its provision against diminution in value of investments is maintained in according BSEC directive no. SEC/CMRRCD/2009-193/196 dated 28 December 2016 and BSEC/SRI/Policy/3/2020/68 dated 12 January 2020.

IIDFC Capital Limited

Notes to the financial statements For the year ended 31 December 2021

	2021	2020		
	BDT	BDT		
4. Property, plant and equipment				
Cost:				
Opening balance	5,959,826	5,959,826		
Add: Addition during the year	-	-		
	5,959,826	5,959,826		
Less: Disposal/adjustment during the year	-	-		
Closing balance (A)	5,959,826	5,959,826		
Accumulated depreciation:				
Opening balance	5,558,524	5,391,985		
Add: Charge for the year	112,859	166,539		
	5,671,383	5,558,524		
Less: Adjustment during the year	-	-		
Closing balance (B)	5,671,383	5,558,524		
Written down value (A-B)	288,443	401,302		
Details of property, plant and equipment are shown in Annex A.				
5. Intangible asset				
Cost:				
Opening balance	1,500,000	1,500,000		
Add: Addition during the year	-	-		
	1,500,000	1,500,000		
Less: Disposal/adjustment during the year	-	-		
Closing balance (A)	1,500,000	1,500,000		
Accumulated amortisation:				
Opening balance	1,499,990	1,499,990		
Add: Charge for the year	-	-		
	1,499,990	1,499,990		
Less: Adjustment during the year	-	-		
Closing balance (B)	1,499,990	1,499,990		
Written down value (A-B)	10	10		
Details of intangible asset are shown in Annex A.				
6. Deferred tax asset				
Opening balance	77,017	72,540		
Add: Addition during the year (note 6.1)	(3,179)	4,477		
Closing balance	73,838	77,017		
6.1 Break up of deffered tax assets				
Particular	Carrying amount of assets	Tax base	Deductible temporary difference at 31 Dec 2021	At 31 Dec 2020
Property, plant and equipment	288,443	485,343	196,900	205,377
Applicable tax rate			37.50%	37.50%
Deferred tax asset			73,838	77,017
Addition/(adjustment) during the year			(3,179)	4,477
7. Margin loans to clients				
Regular margin loan (note 7.1)			76,253,828	13,890,709
Interest free block account margin loan (note 7.2)			546,525,297	616,589,471
			622,779,125	630,480,180

IIDFC Capital Limited

Notes to the financial statements For the year ended 31 December 2021

7.1 Regular margin loan

This represent loan facilities extended to the customers for trading of listed securities in the secondary capital market as per Margin Rules 1999.

7.2 Interest-free blocked account margin loan

Under the bailout program for long outstanding negative equity margin loan accounts, the company sold out most of the securities available in these accounts and recovered the outstanding margin loan as much as possible. Up to 31 December 2021, margin loan of BDT 546,525,297 under this program was transferred to a separate interest-free blocked account and write off gradually every year against probability.

8. Investment in securities

Investment in quoted securities (8.1 and 8.2)

	2021 BDT	2020 BDT
	115,356,700	90,535,179
	115,356,700	90,535,179

8.1 Listed securities breakup 2021:

	Cost price a	Market price b	Unrealised Gain/(loss) c=b-a
	BDT	BDT	BDT
Banks	5,085,738	4,225,000	(860,738)
Ceramic industry	4,238,623	3,180,800	(1,057,823)
Engineering	412,980	681,417	268,437
Financial institutions	611,132	496,000	(115,132)
Food and allied	422,677	336,600	(86,077)
Fuel and power	19,057,172	9,685,200	(9,371,972)
Insurance	50,918,388	40,071,500	(10,846,888)
Mutual funds	19,727,311	12,750,000	(6,977,311)
Pharmaceuticals and chemicals	5,429,894	4,119,800	(1,310,094)
Telecommunications	2,388,527	1,730,000	(658,527)
IT sector	5,110,327	4,220,000	(890,327)
Tannery industries	1,562,092	1,335,450	(226,642)
Miscellaneous	391,839	396,640	4,801
	115,356,700	83,228,407	32,128,293

8.2 Listed securities breakup 2020:

	Cost price a	Market price b	Unrealised Gain/(loss) c=b-a
	BDT	BDT	BDT
Banks	559,047	430,000	129,047
Cement	1,189,147	1,195,000	(5,853)
Ceramic industry	515,448	515,000	448
Engineering	6,264,366	6,318,520	(54,154)
Financial institutions	21,579,922	21,360,340	219,582
Food and allied	5,317,932	4,752,240	565,692
Fuel and power	24,357,550	16,806,300	7,551,250
Insurance	1,754,199	2,041,033	(286,834)
Mutual funds	612,135	610,000	2,135
Pharmaceuticals and chemicals	1,099,289	1,081,954	17,335
Services and real estate	157,550	155,000	2,550
Telecommunications	2,873,893	8,249,439	(5,375,546)
Textile	20,227,718	12,305,280	7,922,438
Travel and leisure	17,764	147,521	(129,757)
Miscellaneous	4,009,219	4,401,675	(392,456)
	90,535,179	80,369,302	10,165,877

IIDFC Capital Limited

Notes to the financial statements For the year ended 31 December 2021

	2021 BDT	2020 BDT
9. Advance income tax		
Advance tax paid	46,551,637	46,551,637
Tax deduction at source (TDS)	1,094,241	1,002,285
Income tax withheld from dividend income	2,493,877	1,480,329
	50,139,755	49,034,251
10. Advances, deposits and prepayments		
Security deposit with CDBL	200,000	200,000
License fee	30,196,209	30,196,209
Others	1,707,602	557,843
	32,103,811	30,954,052
11. Account receivables		
Receivable from customers (note 11.1)	6,349,173	5,499,173
Receivable from brokerage houses (note 11.2)	146,847	20,659,752
	6,496,020	26,158,925
11.1 Receivable from customers		
Underwriting commission	1,849,173	1,399,173
Management fees on issues	4,500,000	4,100,000
	6,349,173	5,499,173
11.2 Receivable from brokerage houses		
IIDFC Securities Ltd.	134,832	20,652,407
United Financial Trading Co. Ltd.	12,015	7,345
	146,847	20,659,752
12. Cash and cash equivalents		
Cash in hand	11,668	25,178
Bank balances (note 12.1)	9,502,742	17,901,270
	9,514,410	17,926,448
12.1 Bank balances details break up		
Southeast Bank Ltd., A/C no. 003113100000728 (SND)	2,806,770	2,950,596
Southeast Bank Ltd., A/C no. 003113100000732 (SND)	41,677	42,363
ONE Bank Ltd., A/C no. 0015025234024 (SND)	5,990,534	11,369,682
ONE Bank Ltd., A/C no. 0015035234008 (SND)	264,851	934,886
ONE Bank Ltd., A/C no. 0013000001153 (SND)	15,869	1,761,115
ONE Bank Ltd., A/C no. 0013000002167 (SND)	265,354	3,353
ONE Bank Ltd., A/C no. 0011020007368 (CD)	48,823	45,778
ONE Bank Ltd., A/C no. 0013000002178 (SND)	68,863	793,496
	9,502,742	17,901,270
13. Share capital		
Authorised		
100,000,000 ordinary shares of BDT 10 each	1,000,000,000	1,000,000,000
Issued, subscribed and paid up		
60,000,000 ordinary shares of BDT 10 each	600,000,000	600,000,000

Name of shareholder	Number of shares	Face Value per share	Amount
1 IIDFC Limited	59,998,800	10	599,988,000
2 Mr. Md. Matiul Islam	1,150	10	11,500
3 Mr. S.M. Anisuzzaman	10	10	100
4 Mr. Md. Shamim Ahmed	10	10	100
5 Ms. Ashrafun Nessa	10	10	100
6 Mr. A.T.M. Nasir Uddin	10	10	100
7 Mr. Lingkon Mondal	10	10	100
	60,000,000		600,000,000

IIDFC Capital Limited

Notes to the financial statements For the year ended 31 December 2021

	2021 BDT	2020 BDT
14. Retained earnings		
Opening balance	(26,961,958)	(29,209,975)
Add: Net profit for the year	1,640,747	2,248,017
	(25,321,211)	(26,961,958)
Less: Transfer to share capital (bonus dividend)	-	-
Closing balance	(25,321,211)	(26,961,958)
15. Term loan		
Loan from IIDFC Ltd. (note 15.1)	-	-
	19,027,006	-
Loan from Investment Corporation of Bangladesh (note 15.2)	19,027,006	-
15.1 Loan from IIDFC Ltd.		
Opening balance	-	14,360,592
Less: Repayment during the year	-	(14,360,592)
Closing balance	-	-
15.2 Loan from Investment Corporation of Bangladesh		
Opening balance	-	9,594,486
Add: Addition during the year	25,000,000	-
	25,000,000	9,594,486
Less: Repayment during the year	(5,972,994)	(9,594,486)
Closing balance	19,027,006	-
16. Portfolio Investors' Fund		
Self-margin discretionary account (SMDA)	5,544,067	-
Non-margin discretionary account (NMDA)	1,054,482	590,793
Safe investment account (SI)	4,990	767
Receivable - trading account	451,497	44,134
	7,055,036	635,694
17. Payable to stock broker		
IIDFC Securities Ltd	-	17,981,926
	-	17,981,926
18. Accrued expenses		
CDBL charges	7,371	181,653
Withholding TDS	116,362	92,209
Withholding VDS	57,600	55,138
Cheque issued in transit	-	2,713,654
IPO subscription account	-	1,938,600
Audit fee	135,000	126,000
Liability for Gratuity Fund	445,254	161,766
Others	51,060	53,507
	812,647	5,322,527
19. Investment diminution reserve		
Opening balance	10,165,877	15,696,122
Less: Adjustment for the year	-	(5,530,245)
Closing balance	10,165,877	10,165,877
19.1 Details of un-realised loss and provision		
Unrealised loss (note 8.1)	32,128,293	10,165,877
Provision maintained during the year	10,165,877	10,165,877
Percentage of provision maintained during the year	32%	100%

IIDFC Capital Limited

Notes to the financial statements For the year ended 31 December 2021

As per BSEC's directive no. SEC/CMRRCD/2009-193/196 dated 28 December 2016 and BSEC/SRI/Policy/3/2020/68 dated 12 January 2020, total amount of required provision against unrealised loss of investment in securities to be kept by 31 December 2022. In this connection, an amount of BDT 10,165,877 has been made as provision which is equivalent to 32% of total unrealised loss of BDT 32,128,293 against year ending balance of investment in securities. However, no cash dividend can be paid during the year in terms of said directive as the company has availed this facility.

20. Loan loss reserve

	2021 BDT	2020 BDT
Opening balance	188,802,548	216,476,663
Add: Addition during the year	31,000,000	21,885,246
	219,802,548	238,361,909
Less: Bad loans written off	(47,492,218)	(49,559,361)
Closing balance	172,310,330	188,802,548
20.1 Un-realised loss and provision		
Un-realised loss (negative equity) against margin loan	546,525,297	616,589,471
Less: Asset value of negative equity margin loan	(73,321,579)	(87,683,312)
Required provision	473,203,718	528,906,159
Accumulated provision (note 20.1.1)	172,310,330	188,802,548
Percentage of provision maintained during the year	36%	36%

As per BSEC's directive no. SEC/CMRRCD/2009-193/196 dated 28 December 2016 and BSEC/SRI/Policy/3/2020/68 dated 12 January 2020, total amount of required provision against unrealised loss of investment in securities to be kept by 31 December 2022. In this connection, an amount of BDT 10,165,877 has been made as provision which is equivalent to 32% of total unrealised loss of BDT 32,128,293 against year ending balance of investment in securities. However, no cash dividend can be paid during the year in terms of said directive as the company has availed this facility.

20.1.1 Accumulated provision

Provision upto 31 Dec 2020	188,802,548	216,476,663
Amount written off against Provision	16,492,218	27,674,115
	172,310,330	188,802,548

The Board of Directors approved loan write off for an amount of BDT 47,492,218 against 8 inactive BO accounts in its 38th meeting dated 20 August 2020 out of which BDT 16,492,218 has been adjusted from provision for loan loss account and the balance amount of BDT 31,000,000 has been charged to profit and loss statement.

21. Provision for income tax

Opening balance	49,620,750	48,941,154
Add: Provision made during the year (note 37.1)	3,081,677	679,596
Closing balance	52,702,427	49,620,750

22. Interest income

Interest on margin loan	14,018,153	14,882,419
	14,018,153	14,882,419

Unrealised accrued interest income on negative equity margin loan has not been recognised as revenue. It has been kept separately in a memorandum account.

23. Interest expense

Term loan	690,666	-
Demand loan	156,334	252,945
	847,000	252,945

IIDFC Capital Limited

Notes to the financial statements For the year ended 31 December 2021

	2021 BDT	2020 BDT
24. Income from investments		
Gain on sale of securities	20,781,242	4,538,137
Dividend income	5,092,767	1,813,240
	25,874,009	6,351,377
25. Income from merchant banking services		
Portfolio management services	13,835	873,830
Security trading services	9,059,727	3,029,103
BO account maintenance services	70,965	67,230
Underwriting commission services	587,250	250,000
Issue and corporate advisory services	500,000	8,800,000
Cash collection and other	2,467,027	-
	12,698,804	13,020,163
26. Other income		
Interest income from bank deposit	537,312	1,274,851
Others	-	376,251
	537,312	1,651,102
27. Salaries and allowances		
Basic salary	5,458,359	5,495,364
Allowances	3,950,845	3,895,537
Festival bonus	894,506	915,894
Employers' contribution to provident fund	545,838	549,540
Group insurance	207,647	225,565
Retirement benefits and gratuity	445,254	161,766
Leave fare assistance	437,683	457,947
Earned leave encashment	354,630	532,308
Cleaning staff salary	144,226	36,000
Others	16,862	-
	12,455,850	12,269,921
28. Rent, taxes, insurance and electricity		
Rent, rates and taxes	828,000	1,340,890
Electricity bill	160,024	112,115
Water, gas and other bills	144,000	58,822
	1,132,024	1,511,827
29. Postage, stamp and telecommunications		
Postage and courier	26,632	51,673
Newspapers, books and magazines etc.	3,999	1,580
Phone, fax and internet	252,840	256,008
	283,471	309,261
30. Stationery, printing and advertisement		
Printing and stationery	155,006	99,584
Advertisement expenses	17,325	14,175
	172,331	113,759
31. Auditor's fee		
Statutory audit	172,500	161,000
	172,500	161,000
32. Repair and maintenance		
Office equipment	374,164	53,153
Electricity and lighting	63,075	13,000
	437,239	66,153

IIDFC Capital Limited

Notes to the financial statements For the year ended 31 December 2021

	2021 BDT	2020 BDT
33. Depreciation and amortization		
Furniture and fixtures	-	53,680
Office equipment	112,859	112,859
	112,859	166,539
34. Bad Loans written off	31,000,000	16,355,001

The Board of Directors approved loan written off for an amount of BDT 47,492,218 against 8 inactive BO accounts in its 38th meeting dated 20 August 2020 out of which BDT 16,492,218 has been adjusted from loan loss account, BDT 31,000,000 has been charged to profit and loss statement.

35. Administrative & other expenses		
Office maintenance	114,171	68,469
Travelling and conveyance	19,790	15,835
Entertainment	72,815	57,985
Car running and maintenance expenses	220,014	186,218
Bank charge and excise duty	51,063	79,216
Registration and government fees	586,458	634,360
Security service expenses	-	114,298
Uniform and liveries	22,200	14,800
CDBL and other fees	351,365	98,926
Book building bidding fees	-	27,195
Professional and legal expenses	130,125	243,750
Directors' fees	73,600	101,200
Other expenses	147,800	133,267
	1,789,401	1,775,519
36. Current tax		
Current year's tax expense (note 37.1)	3,081,677	347,648
Previous year's tax expense	-	331,948
	3,081,677	679,596

36.1 Current year tax expense	Amount	Rate	Tax liability
Capital gain	20,781,242	10%	2,078,124
Dividend income	5,092,767	20%	1,003,553
			3,081,677

37. Earnings per share (EPS)		
Profit for the year	1,640,747	2,248,017
Weighted average number of ordinary shares	60,000,000	60,000,000
EPS	0.03	0.04

IIDFC Capital Limited

Notes to the financial statements For the year ended 31 December 2021

38. Related party disclosure

In accordance with IAS 24 related party disclosures, amount of transactions during the year and outstanding balances as of the end of the client's related party are disclosed as follows:

38.1 Related party transactions during the year:

Name of the related party	Nature of relationship	Nature of transaction	2021 BDT	2021 BDT
IIDFC Securities Limited	Sister concern	Share trading receivable balance	686,564,332	3,078,491
IIDFC Securities Limited	Sister concern	Share trading payable balance	689,099,981	408,010
Net receivable/(payable)			(2,535,649)	2,670,481
Add: Opening receivable/(payable) balance			2,670,481	-
Net share trading balance			134,832	2,670,481

39.1 Figures in these notes and in the annexed financial statements have been rounded off to the nearest BDT.

39.2 Previous year figures have been rearranged, wherever considered necessary, to conform to current year presentation without causing any impact on the operating results for the year and value of assets and liabilities at the end of that year as shown in the financial statements under reporting.

39.3 These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.

For and on behalf of the Board of Directors of IIDFC Capital Limited

Sd/-
Chairman

Sd/-
Director

Sd/-
Company Secretary

Sd/-
Chief Executive Officer

Dhaka, Bangladesh
Dated, 28 July 2022

IIDFC Capital Limited

Details of property, plant and equipment
As at 31 December 2021

Annex A

Property, plant and equipment

Category of asset	Cost				Accumulated depreciation					
	"Balance at 1 Jan " BDT	Addition during the year BDT	"Sale/ disposal" BDT	Balance at 31 Dec BDT	"Rate (%)"	" Upto 1 Jan " BDT	Charge for the year BDT	"Sale/ disposal" BDT	"Total to 31 Dec" BDT	"Net book value at 31 Dec" BDT
Tangible assets										
Motor vehicles	1,250,000	-	-	1,250,000	20	1,249,994	-	-	1,249,994	6
Furniture and fixtures	819,914	-	-	819,914	10	819,896	-	-	819,896	18
Office equipment	3,889,912	-	-	3,889,912	18	3,488,634	112,859	-	3,601,493	288,419
Total 2021	5,959,826	-	-	5,959,826		5,558,524	112,859	-	5,671,383	288,443
Total 2020	5,959,826	-	-	5,959,826		5,391,985	166,539	-	5,558,524	401,302
Intangible assets										
Software	1,500,000	-	-	1,500,000	18	1,499,990	-	-	1,499,990	10
Total 2021	1,500,000	-	-	1,500,000		1,499,990	-	-	1,499,990	10
Total 2020	1,500,000	-	-	1,500,000		1,499,990	-	-	1,499,990	10



IIDFC Securities Limited



Employees of
IIDFC Securities Limited



Independent Auditor's Report

To the Shareholders of IIDFC Securities Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of IIDFC Securities Limited (the company), which comprise the statement of financial position (balance sheet) as at 31 December 2021, and the statement of profit or loss and other comprehensive income (profit and loss statement), statement of changes in equity, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

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

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with IFRSs, 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company's or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditor's Report

To the Shareholders of IIDFC Securities Limited

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

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

Report on other legal and regulatory requirements

In accordance with the Companies Act 1994, we also report that:

- (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- (b) 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 these books; and
- (c) the statement of financial position (balance sheet) and statement of profit or loss and other comprehensive income (profit and loss statement) dealt with by this report are in agreement with the books of account.

Auditor's Signature	: Sd/-
Name of Engagement Partner	: Md. Moktar Hossain, FCA, Senior Partner
Enrollment No.	: 728
Firm's Name	: S. F. AHMED & CO., Chartered Accountants
Firm's Reg. No.	: 10898 E.P. under Partnership Act 1932

Document Verification Code (DVC) : 2207260728AS992771

Dated, 26 July 2022

IIDFC Securities Limited

Statement of Financial Position (Balance Sheet)

As at 31 December 2021

	Notes	2021 BDT	2020 BDT
Assets			
Non-current assets			
Property, plant and equipment	4	3,965,930	2,849,604
Intangible asset	5	-	-
Cost of TREC holding	6	85,978,830	85,978,830
Deferred tax assets	7	589,861	1,093,000
		90,534,621	89,921,434
Current assets			
Margin loans to clients	8	1,727,851,763	1,764,165,093
Investment in securities	9	268,164,661	301,440,583
Advance against income tax	10	193,309,957	158,402,527
Advances, deposits and prepayments	11	31,701,012	16,323,149
Receivable from stock exchange	12	37,058,543	8,458,581
Receivable from IIDFC Capital Ltd.	13	-	36,000
Other receivables	14	1,231,277	1,230,992
Cash and cash equivalents	15	217,679,997	132,188,623
		2,476,997,210	2,382,245,548
Total assets		2,567,531,831	2,472,166,982
Equity and liabilities			
Equity			
Share capital	16	1,000,000,000	1,000,000,000
Retained earnings	17	110,115,420	107,690,648
General reserve		17,000,000	17,000,000
Total equity		1,127,115,420	1,124,690,648
Liabilities			
Non-current liabilities			
Term loan	18	417,580,745	573,761,153
		417,580,745	573,761,153
Current liabilities			
Payable to clients	19	251,353,921	129,482,272
Accounts payable	20	134,832	3,531,902
Payable to stock exchange	21	112,169	512,295
Payable to gratuity fund	22	600,000	393,170
Provision for diminution in value of investment in securities	23	12,819,335	11,976,010
Loan loss reserve	24	417,070,433	448,726,198
Accrued expenses	25	6,849,834	4,412,812
Short term loan (bank overdraft)	26	144,316,076	27,233,839
Other liabilities	27	6,145,438	1,916,307
Provision against income tax	28	183,433,629	145,530,377
		1,022,835,667	773,715,182
Total liabilities		1,440,416,412	1,347,476,335
Total equity and liabilities		2,567,531,831	2,472,166,982

These financial statements should be read in conjunction with annexed notes.

For and on behalf of the Board of Directors of IIDFC Securities Limited

Sd/-
Chairman

Sd/-
Director

Sd/-
Company Secretary

Sd/-
Chief Executive Officer

Dhaka, Bangladesh
Dated, 26 July 2022

Sd/-
S. F. Ahmed & Co.
Chartered Accountants
DVC : 2207260728AS992771

IIDFC Securities Limited

Statement of Profit or Loss and Other Comprehensive Income (Profit and Loss Statement) For the year ended 31 December 2021

	Notes	2021 BDT	2020 BDT
Operating income			
Interest income	29	95,072,017	59,430,237
Interest expense	30	(63,815,229)	(59,269,710)
Net interest income		31,256,788	160,527
Brokerage commission	31	170,734,729	79,208,518
Gains on sale of securities	32	64,561,571	263,331
Dividend income	33	8,140,981	11,220,753
Other operating income	34	1,553,201	1,879,120
Other income	35	692,296	4,534,253
		245,682,778	97,105,975
Total operating income		276,939,566	97,266,502
Operating expenses			
Securities trading cost	36	14,808,522	6,602,003
Salaries and allowances	37	60,708,255	45,816,390
Rent, insurance and utilities	38	7,280,225	13,134,069
Professional and legal expenses		1,259,617	1,051,051
Postage, stamp and telecommunications	39	1,816,964	1,687,128
Stationery, printing and advertisement	40	741,591	409,708
Directors' fees	41	70,400	96,800
Auditor's fee		161,000	161,000
Loans and advances written off	42	144,558,034	4,613,296
Repair and maintenance	43	630,738	1,487,045
Depreciation	44	966,788	1,820,434
Other expenses	45	2,262,944	1,907,407
Total operating expenses		235,265,078	78,786,331
Operating profit		41,674,488	18,480,171
Provision for diminution in value of investment in securities	23	(843,325)	(726,457)
Loan loss reserve	24	-	-
Profit before tax		40,831,163	17,753,714
Income tax expense			
Current tax	28	(37,903,252)	(16,877,099)
Deferred tax (expense)/income	7	(503,139)	196,447
		(38,406,391)	(16,680,652)
Profit for the year		2,424,772	1,073,062
Other comprehensive income		-	-
Total comprehensive income		2,424,772	1,073,062
Basic earnings per share	46	0.02	0.011

These financial statements should be read in conjunction with annexed notes.

For and on behalf of the Board of Directors of IIDFC Securities Limited

Sd/-
Chairman

Sd/-
Director

Sd/-
Company Secretary

Sd/-
Chief Executive Officer

Dhaka, Bangladesh
Dated, 26 July 2022

Sd/-
S. F. Ahmed & Co.
Chartered Accountants
DVC : 2207260728AS992771

IIDFC Securities Limited

Statement of Changes in Equity

For the year ended 31 December 2021

Particulars	Share capital BDT	Retained earnings BDT	General reserve BDT	Total BDT
Year 2021				
Balance at 01 January 2021	1,000,000,000	107,690,648	17,000,000	1,124,690,648
Profit for the year	-	2,424,772	-	2,424,772
Balance at 31 December 2021	1,000,000,000	110,115,420	17,000,000	1,127,115,420
Year 2020				
Balance at 01 January 2020	1,000,000,000	106,617,586	17,000,000	1,123,617,586
Profit for the year	-	1,073,062	-	1,073,062
Balance at 31 December 2020	1,000,000,000	107,690,648	17,000,000	1,124,690,648

For and on behalf of Board of Directors of IIDFC Securities Limited

Sd/-
Chairman

Sd/-
Director

Sd/-
Company Secretary

Sd/-
Chief Executive Officer

Dhaka, Bangladesh
Dated, 26 July 2022

IIDFC Securities Limited

Statement of Cash Flows

For the year ended 31 December 2021

	2021 BDT	2020 BDT
A Cash flows from operating activities		
Receipt of interest	95,583,595	63,964,490
Interest expenses paid	(63,600,142)	(16,860,285)
Receipt of brokerage commission	170,734,729	79,208,518
Receipt of dividend	8,140,981	11,220,753
Gains on sale of securities	64,561,571	263,331
Payment to employees	(54,476,134)	(30,671,256)
Receipts from other operating activities	1,308,001	1,879,120
Payment for other operating activities	(28,872,700)	(42,411,838)
Income tax paid	(34,907,430)	(16,877,099)
Cash generated from/(used in) operating activities	158,472,471	49,715,734
Increase/(decrease) in operating assets and liabilities		
Advances, deposits and prepayments	(15,377,863)	(10,202,643)
Receivable from stock exchange	(28,599,962)	7,759,725
Other receivables	35,715	4,589,559
Other assets	-	(181,895)
Payable to gratuity fund	(393,170)	(1,329,377)
Payable to clients	121,871,649	(11,328,229)
Accounts payable	(3,397,070)	3,236,229
Accrued expenses	(4,412,812)	(1,830,380)
Payable to stock exchange	(400,126)	306,879
Loan loss reserve	(31,655,765)	(10,198,153)
Provision for diminution in value of investment in securities	843,325	726,457
Other liabilities	4,409,849	17,527,564
Net changes in operating assets and liabilities	42,923,770	(924,264)
Net cash from/(used in) operating activities	201,396,242	48,791,470
B Cash flows from investing activities		
Investment in shares	33,275,922	47,881,307
Margin loan to clients	(108,244,704)	(150,524,789)
Acquisition of property, plant and equipment	(2,093,273)	(2,198,568)
Disposal of property, plant and equipment	255,359	4,534
Net cash from/(used in) investing activities	(76,806,696)	(104,837,516)
C Cash flows from financing activities		
Receipt/(repayment) of term loans	(39,098,171)	(19,066,100)
Net cash from/(used in) financing activities	(39,098,171)	(19,066,100)
D Net changes in cash and cash equivalent (A+B+C)	85,491,374	(75,112,146)
E Opening cash and cash equivalent	132,188,623	207,300,769
F Closing cash and cash equivalent	217,679,997	132,188,623
Cash and cash equivalents have been arrived at as under:		
Cash in hand	27,976	35,401
Cash at bank	217,652,021	132,153,222
	217,679,997	132,188,623

For and on behalf of Board of Directors of IIDFC Securities Limited

Sd/-
Chairman

Sd/-
Director

Sd/-
Company Secretary

Sd/-
Chief Executive Officer

Dhaka, Bangladesh
Dated, 26 July 2022

IIDFC Securities Limited

Notes to the financial statements

For the year ended 31 December 2021

1. Reporting entity

1.1 Company profile

IIDFC Securities Limited (the company) is a public company, fully owned subsidiary company of Industrial and Infrastructure Development Finance Company Limited (IIDFC). The company was incorporated in Bangladesh vide certificate of incorporation no. C-83521/10 dated 28 March 2010 in the name IIDFC Securities Limited. The company obtained license from Bangladesh Securities and Exchange Commission (BSEC) of its Stock broker registration vide certificate no. 3.1/DSE-238/2011/455 dated 05 January 2011, Stock Dealer registration certificate no. 3.1/DSE-238/2011/456 dated 05 January 2011, Depository Participation license no. SEC/Registration/CDL-DP-292 dated 03 February 2011 to carry out its operations.

1.2 Nature of business

The principal activities of the company include business of stock dealer, stock broker and depository participant (DP) for dealing of shares and securities, commercial papers, bonds, debentures, debenture stocks, etc. The company is a member of Dhaka Stock Exchanges (membership no. 238) and full service depository participant of Central Depository Bangladesh Limited (CDBL).

As a stock broker and stock dealer, the company caters services to the institutional and individual investors for trading of securities under Bangladesh Securities and Exchange Commission (Stock-Dealer, Stock-Broker and Authorised Representative) Rules 2000 and to extend margin loan facilities to the investors under Margin Rules 1999.

2. Basis of accounting

2.1 Statement of compliance

The financial statements have been prepared in compliance with the requirement of the International Financial Reporting Standards (IFRSs) which also cover International Accounting Standards (IASs) except some cases which are mentioned in note 3.9, the Companies Act 1994, Bangladesh Securities and Exchange Commission (Stock Dealer, Stock Broker and Authorised Representative) Rules 2000 and other applicable laws and regulations.

2.2 Basis of measurement

These financial statements have been prepared on accrual basis of accounting following going concern concept under historical cost convention.

2.3 Functional and presentation currency

These financial statements are presented in Bangladesh Taka (BDT), which is both functional and presentation currency of the company.

2.4 Use of estimates and judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

2.5 Reporting period

The financial statements cover one year from 1 January 2021 to 31 December 2021.

2.6 Events after the reporting period

In compliance with the requirements of IAS 10: Events After the Reporting Period, post statement of financial position events that provide additional information about the Company's position at the statement of financial position date are reflected in the financial statements and events after the statement of financial position date that are not adjusting events are disclosed in the notes when material.

No material events had occurred after the reporting year to the date of issue these financial statements, which could affect the value stated in the financial statement.

IIDFC Securities Limited

Notes to the financial statements For the year ended 31 December 2021

2.7 Components of financial statements

- a. Statement of financial position (balance sheet);
- b. Statement of profit or loss and other comprehensive income (profit and loss statement);
- c. Statement of changes in equity;
- d. Statement of cash flows; and
- e. Summary of significant accounting policies and other explanatory information.

2.8 Going concern

The Company prepares financial statements on a going concern basis since as per management assessment there are no material uncertainties related to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern and it neither intends to liquidate the entity nor to cease trading, or has realistic alternative to do so.

3. Significant accounting policies

The accounting policies set out below have been applied consistently, if not stated otherwise to all years presented in these financial statements.

3.1 Revenue recognition

IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a entity fulfils the performance obligations regarding the contract of supplying the goods or rendering of service. The standard replaces all existing requirements of IAS 18: Revenue and IAS 11: Construction contracts and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 thus the company adopted IFRS 15: with a date of the said initial application.

Brokerage commission

Brokerage commission income are recognised when the corresponding services are provided. Brokerage commission income presented in the financial statements includes the following:

- i) Management fee charged on the market value of customers' portfolios;
- ii) Trading commission charged to customers' trading in the secondary capital market;
- iii) Settlement fee charged to customers' trading in the secondary capital market;
- iv) Documentation fees charged to clients for opening accounts with the company; and
- v) Underwriting commission.

Interest income from margin loan

Interest income from margin loan is recognised on an accrual basis. Such income is calculated on daily basis of margin loans to the clients and charged at the end of the quarter.

However, the unrecovered margin loan was transferred to a separate interest free-blocked account, no interest on the same amount was recognised during the reporting year.

Gains or losses on investment in securities

Gains or losses on investment in securities is calculated based on the different between cost and fair value of securities at the closing trade date of Dhaka Stock Exchange at the year end of the company.

Income from bank deposit

Income from bank deposit comprises interest income on bank deposit. Interest income is recognised as it accrues, using the effective interest rate.

Dividend

Dividend income is recognised as income when it is actually received.

IIDFC Securities Limited

Notes to the financial statements

For the year ended 31 December 2021

3.2 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-derivative financial instruments comprise investments in shares, margin loans, receivables, cash and cash equivalents, term loans, trade payables, customer deposits and share capital.

3.2.1 Financial assets

Financial assets refer to assets that arise from contractual agreements on future cash flows or from owning equity instruments of another entity.

The company initially recognises receivables on the date when they are originated. All other financial assets are recognised initially on the date at which the company becomes a party to the contractual provisions of the transaction.

The company derecognises a financial asset when the contractual rights or probabilities of receiving the cash from the assets expires, or it transfers the rights to receive the contractual cash flows from the financial assets in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets include cash and cash equivalents, accounts receivable, margin loans and investment in quoted securities.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank deposits, stamp in hand and other short term highly liquid investments with original maturities of three months or less and there was insignificant risk of changes in value of these current assets.

Accounts receivable

Accounts receivables are recognised at original invoiced amount. They are stated at netted off with payable with DSE, provision for bad and doubtful debts and written off, if any.

Margin loan

Margin loan is provided to clients to facilitate investment in equity securities. They are initially classified as financial assets at fair value and subsequently measured at amortised cost.

Investment securities

Investment in quoted securities is valued and recognised at cost following Dhaka Stock Exchange circular Ref no. DSE/COM/TAD/CLR/AAFS_2021/434 dated 09 April 2022. However, diminution in value of investment in securities on measurement of listed securities as on 31 December 2010 and onward is recognised following the directives no. BSEC/CMRRCD/2009-193/196 dated 28 December 2016, where the authority allowed to defer the recognition of loss up to 31 December 2022.

Investment in unquoted shares is valued and recognised at cost.

3.2.2 Financial liabilities

A contractual obligation to deliver cash or another financial assets to another entity or to exchange financial instruments with another entity under conditions that are potentially unfavourable.

The company initially recognises financial liabilities on the transaction date at which the entity becomes a party to the contractual provisions of the liability. The entity recognises such financial liability when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the entity of resources embodying benefits.

The entity derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

Financial liabilities as presented in these financial statements comprise loans and borrowings, accounts payable and other payables.

IIDFC Securities Limited

Notes to the financial statements For the year ended 31 December 2021

Loans and borrowings

Loans and borrowings are recognised initially at value less attributable transaction costs. Subsequently these borrowings are stated at amortised cost using the effective interest method.

Accounts payable

Accounts payables are recognised at actual.

Offsetting financial assets and a financial liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position, when the entity has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.3 Property, plant and equipment

3.3.1 Recognition and measurement

Tangible fixed assets are accounted for according to IAS 16: Property, plant and equipment at historical cost or revaluation less accumulated depreciation and the capital work-in-progress is stated at cost. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Any improvements that enhance the economic useful life of the property, plant and equipment or that improve the capacity and quality are capitalised by adding it to the related property, plant and equipment.

3.3.2 Subsequent costs

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred. In compliance with the provisions of the Companies Act 1994, adjustment is made to the original cost of fixed assets acquired through foreign currency loan at the end of each financial year by any change in liability arising out of expressing the outstanding foreign loan at the rate of exchange prevailing at the date of balance sheet.

3.3.3 Depreciation

Depreciation on property, plant and equipment is charged using straight-line method. Full year's depreciation is charged on items in the year of their acquisition and no depreciation is charged in the year of disposal. Rates of depreciation on various classes of property, plant and equipment are as under:

<u>Category of asset</u>	<u>Rate (%)</u>
Furniture and fixtures	10
Office decoration	10
Motor vehicle	20
Office equipment	18

3.4 Intangible asset

Intangible asset is accounted for according to IAS 38: Intangible assets. Intangible assets acquired separately are initially recognised at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and impairment losses. Intangible asset "software" which is amortised @ 18%.

3.5 Statement of cash flows

Statement of cash flows is prepared under direct method in accordance with IAS 7: Statement of Cash Flows.

3.6 Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of profit or loss and other comprehensive income in accordance with IAS 12: Income taxes.

IIDFC Securities Limited

Notes to the financial statements

For the year ended 31 December 2021

3.6.1 Current tax

Provision for current income tax for the year is made in accordance with the Income Tax Ordinance, 1984 and subsequent amendments made thereto from time to time.

3.6.2 Deferred tax

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity. The deferred tax asset or liability does not create a legal obligation to, or recoverability from, the income tax authority.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.7 Employee benefit

The company maintains a defined contribution plan (provident fund) and a retirement benefit obligations (gratuity fund) and group insurance benefits for its eligible permanent employees.

3.7.1 Defined contribution plan (provident fund)

Defined contribution plan is a post employment benefit plan under which the company provides benefits for all of its permanent employees. The recognised employees' provident fund is being considered as defined contribution plan as it meets the recognition criteria specified for this purpose. All permanent employees contribute 10% of their basic salary to the provident fund and the company also makes equal contribution.

The company recognises contribution to defined contribution plan as an expense when an employee has rendered required services. The legal and constructive obligation is limited to the amount it agrees to contribute to the fund. Obligations are created when they are due.

3.7.2 Retirement benefit obligations (gratuity fund)

The company maintains gratuity scheme for all its eligible permanent employees. Gratuity shall be admissible for all employees who rendered services to the company for a continuous period of, at least, five years and the amount of gratuity shall be computed at the rate of one month's basic pay for each completed year of service.

3.7.3 Group insurance benefits

The permanent employees of the company are covered under a group insurance scheme and the group insurance company provides group life, group hospitality and out patient days services.

3.8 Lease rental

The company has adopted IFRS 16: leases from 1 January 2019 to account for its leases for office space. The leases were previously accounted for under IAS 17, where the leases were classified as operating lease.

Under IFRS 16, a lessee shall recognise a right-of-use asset and a lease liability for all leases except where the leases are either in short-term nature or the leases are under low value assets nature. Presently, leases of the company are in short-term nature or low value assets nature. Therefore, the company decided to recognise the lease payments associated with these leases as an expense.

IIDFC Securities Limited

Notes to the financial statements

For the year ended 31 December 2021

3.9 Departure from IFRS

SL no.	Nature of departure	Title of IFRS	Treatment of IFRS	Treatment adopted as per regulatory requirement
1	Valuation of Investments in listed and non-listed shares	IFRS 9 Financial Instruments	IFRS 9 describe that how classification, measurement and recognise of investments. Based on that investment in shares and securities generally falls either at "fair value through profit and loss account" (FVTPL) or at "fair value through other comprehensive income" (FVOCI) where any change in the fair value of investments measured under FVTPL is to taken to the profit and loss account and any changes in the fair value of securities measured under FVOCI is transferred to equity through other comprehensive income.	As per circular from Dhaka Stock Exchange Ltd. Ref no. DSE/COM/TAD/CLR/AAFS_2021/434 dated 09 April 2022 investment in securities can be presented at cost and its provision against diminution in value of investments is maintained in according BSEC directive no. SEC/CMRRCD/2009-193/196 dated 28 December 2016 and BSEC/SRI/Policy/3/2020/68 dated 12 January 2020.

IIDFC Securities Limited

Notes to the financial statements For the year ended 31 December 2021

	2021 BDT	2020 BDT
4. Property, plant and equipment		
Cost:		
Opening balance	28,936,978	26,851,764
Add: Addition during the year	2,093,273	2,198,569
	31,030,251	29,050,333
Less: Disposal/adjustment during the year	1,638,260	113,355
Closing balance (A)	29,391,991	28,936,978
Accumulated depreciation:		
Opening balance	26,087,374	24,375,760
Add: Charge for the year	966,788	1,820,435
	27,054,162	26,196,195
Less: Adjustment during the year	1,628,101	108,821
Closing balance (B)	25,426,061	26,087,374
Written down value (A-B)	3,965,930	2,849,604
Details of property, plant and equipment are shown in Annex A.		
5. Intangible asset		
Cost:		
Opening balance	1,666,831	1,666,831
Add: Addition during the year	-	-
	1,666,831	1,666,831
Less: Disposal/adjustment during the year	-	-
Closing balance (A)	1,666,831	1,666,831
Accumulated amortisation:		
Opening balance	1,666,831	1,631,999
Add: Charge for the year	-	34,832
	1,666,831	1,666,831
Less: Disposal/adjustment during the year	-	-
Closing balance (B)	1,666,831	1,666,831
Written down value (A-B)	-	-
Details of intangible asset are shown in Annex A.		
6. Cost of TREC holding	85,978,830	85,978,830

In pursuance to section 3.1.4 of the scheme of demutualisation of Dhaka Stock Exchange Ltd. (DSE), 7,215,106 ordinary shares of BDT 10 each were allotted by DSE in favour of IIDFC Securities Ltd. Out of total shares allotted, 2,886,042 ordinary shares of BDT 28,860,420 being 40% of total ordinary shares allotted were issued and credited to BO account of IIDFC Securities Ltd. for BDT 28,860,420 and value of cost of DSE membership has been adjusted to that extent. The remaining 4,329,064 shares being 60% ordinary shares of 7,215,106 of BDT 43,290,640 were credited to the "DSE Demutualisation Blocked Account" maintained by DSE. As per that aforesaid scheme, these 60% shares will be off-loaded in the following manner:

1. 25% has already been sold to the strategic investors by Dhaka Stock Exchange Ltd. in 2018.
2. Except shares allotted in favour of strategic investors, 35% shares held in blocked account shall be sold out to the general public/ institutional investors.

Those shares under blocked account as indicated above will be recognised and accounted for upon recovery.

IIDFC Securities Limited

Notes to the financial statements For the year ended 31 December 2021

2021
BDT

2020
BDT

7. Deferred tax assets

Deferred tax assets have been recognised and measured in accordance with the provision of IAS 12 Income Tax. Deferred tax assets are attributable to the following:

Particulars	Carrying amount of assets/ liabilities	Tax base	(Taxable)/ deductible temporary difference	(Taxable)/ deductible temporary difference
Furniture and fixtures	512,228	1,360,289	848,061	1,185,377
Office decoration	560,828	2,378,299	1,817,471	2,137,376
Office equipment	2,892,894	2,193,563	(699,331)	(261,898)
Motor vehicle	-	-	-	286,513
Computer software	-	-	-	15,707
	3,965,950	5,932,151	1,966,201	3,363,075

Applicable tax rate
Deferred tax assets

30%
589,861

32.50%
1,093,000

8. Margin loans to clients

Regular margin loan (note 8.1)

Interest-free blocked account margin loan (note 8.2)

841,059,156

783,592,953

886,792,607

980,572,140

1,727,851,763

1,764,165,093

8.1 Regular margin loan

This represents loan facilities extended to the customers for trading of listed securities in the secondary capital market as per Margin Rules 1999.

8.2 Interest-free blocked account margin loan

Under the bailout program for long outstanding negative equity margin loan accounts, the company sold out the securities available in these accounts and recovered the outstanding margin loan as much as possible. Up to 31 December 2021, margin loan of BDT 886,792,607 under this program was transferred to a separate interest-free blocked account.

9. Investment in securities

Listed securities (note 9.1)

Non-listed securities (note 9.2)

238,306,141

271,582,063

29,858,520

29,858,520

268,164,661

301,440,583

9.1 Listed securities breakup 2021:

	Cost price	Market price	Unrealised Gain/(loss)
	a	b	c=b-a
Bank	57,062,186	49,891,095	(7,171,091)
Insurance	22,795,963	16,954,473	(5,841,490)
Financial institution	17,685,202	15,034,818	(2,650,384)
Food and allied products	4,656,180	3,212,000	(1,444,180)
Engineering	57,430,866	46,186,304	(11,244,562)
Fuel and power	23,990,794	19,879,390	(4,111,404)
Pharmaceutical and chemicals	26,221,622	20,518,968	(5,702,654)
Mutual funds	13,250,000	11,440,000	(1,810,000)
IT	4,621,390	4,220,000	(401,390)
Textile	9,726,678	7,372,718	(2,353,960)
Others	865,260	865,260	-
	238,306,141	195,575,026	(42,731,115)

IIDFC Securities Limited

Notes to the financial statements

For the year ended 31 December 2021

Listed securities breakup 2020:

		2021 BDT	2020 BDT
	Cost price	Market price	Unrealised Gain/(loss)
	a	b	c=b-a
Bank	88,072,267	65,334,920	(22,737,347)
Insurance	16,602,567	10,064,543	(6,538,024)
Financial institution	17,768,411	19,168,385	1,399,974
Food and allied products	10,808,556	8,719,640	(2,088,916)
Cement	7,301,450	6,514,200	(787,250)
Ceramics	5,070,999	2,781,608	(2,289,391)
Engineering	20,739,635	12,102,919	(8,636,716)
Fuel and power	30,746,304	26,309,110	(4,437,194)
Pharmaceutical and chemicals	37,264,187	29,584,500	(7,679,687)
Service and real estate	642,210	535,348	(106,862)
Mutual funds	5,705,402	5,130,000	(575,402)
Telecommunication	2,712,530	8,083,339	5,370,809
Textile	24,314,351	14,340,979	(9,973,372)
Travel and leisure	3,728,194	2,919,522	(808,672)
Others	105,000	113,000	8,000
	271,582,063	211,702,013	(59,880,050)

9.2 Non-listed securities:

Dhaka Stock Exchange Limited	28,860,420	28,860,420
Unit Fund (ICB AMCL 2 nd NRB)	998,100	998,100
	29,858,520	29,858,520

10. Advance against income tax

Advance tax paid	20,122,864	17,462,856
Income tax withheld by DSE (note 10.1)	137,308,873	107,885,368
Income tax withheld from dividend income	26,025,472	24,407,276
Income tax withheld from SND account	9,852,748	8,647,027
	193,309,957	158,402,527

10.1 Income tax withheld by DSE

Stock Dealer transaction	2,999,238	2,478,914
Stock Broker transaction	134,309,635	105,406,454
	137,308,873	107,885,368

The amount has been withheld by Dhaka Stock Exchange Ltd. from the amounts of transactions under section 53 BBB of the Income Tax Ordinance 1984.

11. Advances, deposits and prepayments

Advance against office rent	969,240	1,819,240
Advance against securities bidding (note 11.1)	22,083,930	12,499,500
Advance to DSE for IPO application (customer)	6,050,000	-
Advance to employees	60,000	-
Security deposits (note 11.2)	363,956	363,956
Advance to supply and service (note 11.3)	1,739,161	625,000
Staff loan	434,725	1,015,453
	31,701,012	16,323,149

IIDFC Securities Limited

Notes to the financial statements

For the year ended 31 December 2021

	2021 BDT	2020 BDT
11.1 Advance against securities bidding		
Union Bank Ltd.	21,400,000	12,499,500
BD THAI FOOD and BEVERAGE LTD.	637,500	-
Union Insurance Company Ltd.	46,430	-
	22,083,930	12,499,500
11.2 Security deposits		
CDBL	100,000	100,000
C and F Tower, Chattogram	233,856	233,856
BTCL	15,000	15,000
Elite Security Services Ltd.	13,000	13,000
Alpine Fresh Water	2,100	2,100
	363,956	363,956
11.3 Advance to supply and service		
Tuheen and Associates	325,000	625,000
M/S Rafia Corporation	14,161	-
Vision Architects	1,400,000	-
	1,739,161	625,000
12. Receivable from stock exchange		
Categories A, B, G and N types of shares	36,521,574	8,224,948
Category Z type of share	536,969	233,633
	37,058,543	8,458,581
13. Receivable from IIDFC Capital Ltd.		
The receivable is for an expenditure regarding shared casual staff salary of IIDFC Capital Ltd. and the balance was settled by IIDFC Capital Ltd. through bank deposit on 30 December 2020, but the cheque was cleared and reflected in the IIDFC Securities Ltd.'s bank account on 06 January 2021. Therefore the receivable balance of BDT 36,000 is shown in the account.		
	-	36,000
14. Other receivables		
Receivable against mutual fund (note 14.1)	1,230,992	1,230,992
City Bank Capital Resources Ltd.	285	-
	1,231,277	1,230,992
14.1 Receivable against mutual fund		
AIMS First Guaranteed Mutual Fund	733,274	733,274
Grameen Mutual Fund ONE	497,718	497,718
	1,230,992	1,230,992
The above amount is receivable against liquidation of mutual fund.		
15. Cash and cash equivalents		
Cash in hand (note 15.1)	21,693	25,816
Short term deposit account (note 15.2)	217,652,021	132,153,222
Stamp in hand	6,283	9,585
	217,679,997	132,188,623

IIDFC Securities Limited

Notes to the financial statements

For the year ended 31 December 2021

	2021 BDT	2020 BDT
15.1 Cash in hand		
Head Office	7,235	11,111
Gulshan branch	8,560	6,760
Chattogram branch	4,030	2,227
Nikunja branch	1,868	5,718
	<u>21,693</u>	<u>25,816</u>
15.2 Short term deposit account		
ONE Bank Ltd., A/C no. 0015025351004 (CCA)	153,763,917	126,948,962
Mercantile Bank Ltd., A/C no.1131000047513 (CCA)	61,780,249	-
ONE Bank Ltd., A/C no. 0015025351012 (Dealer Account)	245,019	46,506
Mercantile Bank Ltd., A/C no.1131000047522 (Dealer Account)	4,157	-
ONE Bank Ltd., A/C no.0013000001721 (IPO Account)	7,444	4,964,681
Southeast Bank Ltd., A/C no.3113100000722 (Admin Account)	1,330,157	188,250
NCC Bank Ltd., A/C no. 00310325001228 (Admin Account)	1,405	1,954
One Bank Ltd., A/C no. 0013000002145 (Investment Account)	519,673	2,869
	<u>217,652,021</u>	<u>132,153,222</u>
16. Share capital		
16.1 Authorised capital		
500,000,000 ordinary shares of BDT 10 each	<u>5,000,000,000</u>	<u>5,000,000,000</u>
16.2 Issued, subscribed and paid-up capital		
100,000,000 ordinary shares of BDT 10 each fully paid-up	<u>1,000,000,000</u>	<u>1,000,000,000</u>

Shareholding position of the company as at 31 December is as under:

Name of shareholders	No of shares	% of holding	Price	Amount (BDT)	
IIDFC Limited	99,987,497	99.99	10	999,874,970	999,874,970
Mr. Md. Matiul Islam	12,438	0.01	10	124,380	124,380
Mr. S. A Chowdhury	13	0.00	10	130	130
Mr. Md. Asaduzzaman Khan	13	0.00	10	130	130
Mr. Sayyed Husain Jamal	13	0.00	10	130	130
Mr. Lingkon Mondal	13	0.00	10	130	130
Mr. Anisuz Zaman Chowdhury	13	0.00	10	130	130
	<u>100,000,000</u>	<u>100</u>		<u>1,000,000,000</u>	<u>1,000,000,000</u>

17. Retained earnings

Opening balance	107,690,648	106,617,586
Add: Profit for the year	2,424,772	1,073,062
Closing balance	<u>110,115,420</u>	<u>107,690,648</u>

18. Term loan

IIDFC		
Term loan-up to 8 years (note 18.1)	253,874,316	437,640,757
Term loan-up to 8 years (note 18.2)	125,652,413	136,120,396
Investment Corporation of Bangladesh (ICB)		
Term loan-up to 3 years (note 18.3)	38,054,016	-
	<u>417,580,745</u>	<u>573,761,153</u>

IIDFC Securities Limited

Notes to the financial statements For the year ended 31 December 2021

	2021 BDT	2020 BDT
18.1 Term loan-up to 8 years		
Opening balance	437,640,757	445,535,836
<u>Less:</u> Adjustment during the year	(183,766,441)	(7,895,079)
Closing balance	253,874,316	437,640,757
18.2 Term loan-up to 8 years		
Opening balance	136,120,396	128,251,618
<u>Add:</u> Addition during the year	-	7,868,778
	136,120,396	136,120,396
<u>Less:</u> Adjustment during the year	(10,467,983)	-
Closing balance	125,652,413	136,120,396
18.3 Term loan-up to 3 years		
Opening balance	50,000,000	-
<u>Less:</u> Adjustment during the year	(11,945,984)	-
Closing balance	38,054,016	-
19. Payable to clients		
Payable to clients (Trading)	235,703,921	120,038,272
Payable to clients (IPO)	15,650,000	9,444,000
	251,353,921	129,482,272
The company has been maintaining a consolidated customer account against payable to clients with ONE Bank Ltd. only for the deposits of money received from and payments to customers as per section 8A (1) of Securities Exchange Commission Rules 1987.		
20. Accounts payable		
IIDFC Capital Limited	134,832	2,670,488
Southeast Bank Capital Services Ltd. (SBCSL)	-	180,718
City Bank Capital Resources Ltd.	-	680,696
	134,832	3,531,902
21. Payable to stock exchange		
Categories A, B, G and N types of shares	53,006	512,295
Category Z type of shares	59,163	-
	112,169	512,295
22. Payable to gratuity fund		
Opening balance	393,170	1,722,547
<u>Add:</u> Addition during the year	600,000	393,170
	993,170	2,115,717
<u>Less:</u> Paid during the year	(393,170)	(1,722,547)
Closing balance	600,000	393,170

The company operates a funded gratuity scheme, provision in respect of which is made annually covering all its permanent eligible employees.

IIDFC Securities Limited

Notes to the financial statements For the year ended 31 December 2021

	2021 BDT	2020 BDT
23. Provision for diminution in value of investment in securities		
Opening balance	11,976,010	11,249,553
Add: Provision made during the year	(843,325)	(726,457)
	11,132,685	10,523,096
Less: Write back of provision	-	-
Closing balance	12,819,335	11,976,010
Details of un-realised loss and provision		
Total unrealised loss (note 9)	42,731,115	59,880,050
Provision made during the year	12,819,335	11,976,010
Percentage of provision made against requirement	30.00%	20.00%
As per BSEC's directive no. SEC/CMRRCD/2009-193/196 dated 28 December 2016 and BSEC/SRI/Policy/3/2020/68 dated 12 January 2020, total amount of provision against unrealized loss of investment in securities to be kept by 31 December 2022. In this connection, an amount of BDT 12,819,335 has been made as provision which is equivalent to 30% of total unrealized loss of BDT 42,731,115 against period ending balance of investment in securities. However, no cash dividend can be paid during the year in terms of said directive as the company has availed this facility.		
24. Loan loss reserve		
Loan loss account (note 24.1)	42,956,542	46,217,086
Interest income loss account (note 24.2)	374,113,891	402,509,112
	417,070,433	448,726,198
24.1 Loan loss account		
Opening balance	46,217,086	47,267,496
Add: Addition during the year	-	-
	46,217,086	47,267,496
Less: Adjustment/Write off during the year	(3,260,544)	(1,050,410)
Closing balance	42,956,542	46,217,086
24.2 Interest income loss account		
Opening balance	402,509,112	411,656,855
Add: Addition during the year	-	-
	402,509,112	411,656,855
Less: Adjustment/Write off during the year	(28,395,221)	(9,147,743)
Closing balance	374,113,891	402,509,112
The Board of Directors approved loan written-off for an amount of BDT 176,213,799 against 268 inactive BO accounts in its 44th meeting dated 27 April 2022 out of which BDT 3,260,544 has been adjusted from loan loss account, BDT 28,395,221 from interest loss account and the remaining amount of BDT 144,558,034 has been charged to profit and loss statement.		
24.3 Un-realised loss and provision		
Un-realised loss (negative equity) against margin loan	1,030,349,062	1,212,494,748
Accumulated provision (note 24.3.1)	417,070,433	448,726,198
Percentage of loan loss reserve	40.48%	37.01%
24.3.1 Accumulated provision		
Provision upto 31 Dec 2020	448,726,198	
Amount written off during the year	(31,655,765)	
	417,070,433	

As per BSEC's directive no. SEC/CMRRCD/2009-193/196 dated 28 December 2016 and BSEC/SRI/Policy/3/2020/68 dated 12 January 2020, total amount of provision against unrealized loss of margin loan to be kept by 31 December 2022. In this connection, an amount of BDT 417,070,433 has been made as loan loss reserve which is equivalent to 40.48% of unrealized loss (negative equity) of BDT 1,030,349,062 against year ending balance of margin loan. However, no cash dividend can be paid during the year in terms of said directive as the company has availed this facility.

IIDFC Securities Limited

Notes to the financial statements For the year ended 31 December 2021

	2021 BDT	2020 BDT
25. Accrued expenses		
Financial expenses (ICB)	215,087	-
CDBL charges	59,786	68,049
Office rent	281,999	429,525
Electricity	65,000	51,953
Payable to water and sewerage	4,830	-
Audit fee	161,000	161,000
Online and data communication charges	114,889	110,304
Telephone bill	18,372	10,392
Tree plantation	2,610	3,360
Drinking water	2,654	2,654
Payable to advertisement agency	12,346	-
Payable to printing press	102,873	44,673
Payable to supply and service (note 25.1)	176,267	1,113,959
Associates commission	1,644,236	1,404,498
Incentives	3,987,885	-
Leave fare assistance	-	1,012,445
	6,849,834	4,412,812
25.1 Payable to supply and service		
Ahmed Masuque & Co.	-	14,192
Charu Kaj	176,267	1,099,767
	176,267	1,113,959
26. Short term loan (bank overdraft)		
ONE Bank Ltd., A/C no.0017170000312	46,497,294	27,233,839
Mercantile Bank Ltd., A/C no.1720000008376	97,818,782	-
	144,316,076	27,233,839
27. Other liabilities		
Risk fund	1,216,667	1,116,667
VAT deduction at source	114,742	158,549
Income tax deducted at source	279,585	513,805
Interest income from CCA (note 27.1)	4,390,451	-
Others	143,993	127,286
	6,145,438	1,916,307
27.1 As per BSEC's directive no. BSEC/CMRRCD/2009-193/21 dated 21 June 2021, amount of BDT 4,390,451 has been transferred to other liabilities accounts after deducting annual maintenance expenses, bank charges, and other charges for the purpose of distribution to the customer's account and exchange.		
28. Provision against income tax		
Opening balance	145,530,377	128,653,278
Add: Provision made during the year	37,903,252	16,877,099
	183,433,629	145,530,377
Less: Adjustment during the year	-	-
Closing balance	183,433,629	145,530,377
'Provision for corporate income tax is made on accounting profit for the year after adjustments for taxable allowances and disallowances as per tax laws.		
29. Interest income		
Margin loan	87,715,246	51,451,816
Bank interest	7,356,771	7,978,421
	95,072,017	59,430,237

'Unrealized accrued interest income on negative equity margin loan has not been recognised as revenue. It has been kept separately in a memorandum account.

IIDFC Securities Limited

Notes to the financial statements For the year ended 31 December 2021

	2021 BDT	2020 BDT
30. Interest expense		
IIDFC Ltd.	60,850,100	57,776,993
Investment Corporation of Bangladesh (ICB)	1,596,420	-
ONE Bank Ltd.	990,157	609,883
NCC Bank Ltd.	-	882,834
Mercantile Bank Ltd.	378,552	-
	63,815,229	59,269,710
31. Brokerage commission		
Commission on securities trading	170,645,009	79,161,768
Commission on IPO processing	89,720	46,750
	170,734,729	79,208,518
32. Gains on sale of securities		
Gains from trading of securities	66,608,144	6,826,366
Loss from trading of securities	(2,046,572)	(6,563,035)
	64,561,571	263,331
33. Dividend income		
Income from DSE	1,623,399	2,705,664
Income from dealer account	6,517,582	8,515,089
	8,140,981	11,220,753
34. Other operating income		
BO account maintenance fee	329,100	303,000
Sale of account opening form	93,500	86,500
BO account opening charges	96,750	81,350
Notice pay received	260,200	9,804
Charges for dishonoured cheques	41,000	39,000
Gains on disposal of assets	245,200	12,866
Forfeiture balance from Employees' Provident Fund accounts	487,451	1,346,600
	1,553,201	1,879,120
35. Other income		
Other deposits interest income	436,019	4,401,859
Interest income from staff loan	75,559	132,394
Reversal of payable to SBCSL	180,718	-
	692,296	4,534,253
36. Securities trading cost		
Laga charges	14,620,694	6,555,592
Howla charge	2,750	2,700
CDBL charges	185,078	43,711
	14,808,522	6,602,003

IIDFC Securities Limited

Notes to the financial statements For the year ended 31 December 2021

	2021 BDT	2020 BDT
37. Salaries and allowances		
Basic	15,774,388	16,517,394
House rent	7,887,194	8,258,705
Festival bonus	2,575,232	1,409,362
Conveyance	1,698,571	1,485,197
Medical	788,718	825,857
Casual staff salary	1,504,202	1,578,000
Group insurance	741,611	718,941
Entertainment	246,179	205,924
Leave fare assistance	1,322,425	1,606,494
Leave encashment	2,550,037	1,224,475
Other allowance	240,000	240,000
Car allowances	690,806	717,000
Incentive bonus	3,987,885	-
Company's contribution to provident fund	1,514,313	1,575,647
Associate salary	18,586,694	9,060,224
Gratuity expense	600,000	393,170
	60,708,255	45,816,390
38. Rent, insurance and utilities		
Office rent and service charge	5,952,687	11,754,646
Electricity	656,955	799,966
Renewal and registration fees	613,754	354,635
Water and sewerage	46,818	219,951
Insurance on fixed assets	10,011	4,871
	7,280,225	13,134,069
39. Postage, stamp and telecommunications		
Data communication expenses	1,137,849	1,044,194
Mobile bill	435,914	460,803
Internet expenses	133,500	128,500
Telephone bill	52,000	10,213
SMS charges	41,914	23,158
Postage and courier charges	12,485	12,382
Stamp charges	3,302	7,878
	1,816,964	1,687,128
40. Stationery, printing and advertisement		
Printing and stationery	529,871	362,418
Paper, ribbon and cartridge	89,766	39,100
Business promotional and other advertisement expenses	121,954	8,190
	741,591	409,708
41. Directors' fees		
Fees	64,000	88,000
VAT	6,400	8,800
	70,400	96,800
Each director is paid for BDT 7,200 (excluding VAT) per board meeting attended.		
42. Loans and advances written off		
Loans and advances written off during the year	144,558,034	4,613,296
	144,558,034	4,613,296

IIDFC Securities Limited

Notes to the financial statements

For the year ended 31 December 2021

	2021 BDT	2020 BDT
43. Repair and maintenance		
Office equipment	358,130	647,210
Furniture and fixtures	7,220	148,290
Electric and lighting materials	222,015	335,888
Renovation and decoration	-	204,916
Computer accessories	13,873	85,678
Computer software	29,500	65,063
	630,738	1,487,045
44. Depreciation		
Office equipment	819,698	462,085
Office decoration	70,104	947,039
Furniture and fixtures	76,986	411,310
Motor vehicle	-	-
	966,788	1,820,434
45. Other expenses		
Office maintenance (note 45.1)	543,976	597,552
Car maintenance	493,821	392,667
Entertainment	636,711	359,068
Risk fund	100,000	100,000
Bank charges	285,631	341,770
Travelling and conveyance - local	158,821	95,890
Donation	20,000	-
Subscription fee (EI)	9,000	-
Training expenses	5,500	13,200
Newspaper and magazine	8,284	6,090
Books and periodicals	1,200	1,170
	2,262,944	1,907,407
45.1 Office maintenance		
Security charges	-	52,085
Cleaning charges	82,675	79,958
Uniform, etc.	70,195	70,193
Plantation	31,260	1,650
Purchase of utensils	9,492	-
Drinking water	9,972	3,886
Others	340,382	389,780
	543,976	597,552

46. Earnings per share (EPS)

Earnings per share (EPS) is calculated in accordance with IAS 33 Earnings per share. The calculation of basic earnings per share as at 31 December 2021 was based on the profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding for the year ended 31 December 2021.

Basic earnings per share has been calculated as under:

Earnings attributable to ordinary shareholders net profit/(loss) after
Weighted average number of ordinary shares

Basic earnings per share

2,424,772	1,073,062
100,000,000	100,000,000
0.02	0.011

Particulars

Weighted average

No. of Ordinary Shares

Number of share outstanding during the year

365

100,000,000	100,000,000
100,000,000	100,000,000

IIDFC Securities Limited

Notes to the financial statements For the year ended 31 December 2021

47. Books of account of branch offices

The company has two (2) branch offices at Dhaka and Chattogram. In addition, the company has two extension offices of Head Office at Motijheel and DSE Tower (Nikunja), Dhaka. Books of accounts of those branches are maintained at Head Office based on which the accounts are consolidated.

48. Related party disclosures

In accordance with IAS 24 related party disclosures, amount of transactions during the year and outstanding balances as of the end of the year with the entity's related parties are disclosed as follows:

48.1 Related party transactions during the year:

Name of the related party	Nature of relationship	Nature of transaction	2021 BDT	2020 BDT
IIDFC Limited	Parent company	Interest and principal repayment of loan	255,084,524	17,803,294
IIDFC Capital Limited	Sister concern	Share trading and others	6,450,604,109	1,789,074,700

48.2 Related party balances as at year ended:

Name of the related party	Nature of relationship	Nature of transaction	2021 BDT	2020 BDT
IIDFC Limited	Parent company	Long term loan	379,526,729	573,761,153
IIDFC Capital Limited	Sister concern	Accounts payable	134,832	2,670,488

59. Employees' information

A total 30 number of employees were employed in IIDFC Securities Ltd. as on 31 December 2021. Each of the employees received salary more than BDT 36,000 per annum during the year ended 31 December 2021.

50. General

50.1 These notes are integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.

50.2 Previous year's figures have been re-arranged, wherever considered necessary, to confirm to current year's presentation without causing any impact on the operating results for the year and value of assets and liabilities at the end of that year as shown in the financial statements under reporting.

50.3 Figures in these notes and annexed financial statements have been rounded off to the nearest BDT.

For and on behalf of Board of Directors of IIDFC Securities Limited

Sd/-
Chairman

Sd/-
Director

Sd/-
Company Secretary

Sd/-
Chief Executive Officer

Dhaka, Bangladesh
Dated, 26 July 2022

IIDFC Securities Limited

Details of property, plant and equipment and intangible assets
As at 31 December 2021

Annex A

Property, plant and equipment

Category of asset	Cost			Rate (%)	Depreciation			Net book value at 31 Dec BDT
	At 01 Jan BDT	Additions BDT	Disposal/ adjustment BDT		Charge for the year BDT	Disposal/ adjustment BDT	Total to 31 Dec BDT	
Furniture and fixtures	4,046,330	-	339,422	10	76,986	339,422	3,194,680	512,228
Office decoration	9,470,422	-	433,344	10	70,104	433,344	8,476,250	560,828
Office equipment	15,062,085	2,093,273	865,494	18	819,698	855,335	13,396,990	2,892,874
Motor vehicle	358,141	-	-	20	-	-	358,141	-
Total 2021	28,936,978	2,093,273	1,638,260		966,788	1,628,101	25,426,061	3,965,930
Total 2020	26,851,764	2,198,569	113,355		1,820,435	108,821	26,087,374	2,849,604

Intangible asset

Category of asset	Cost			Rate (%)	Amortisation			Net book value at 31 Dec BDT
	At 01 Jan BDT	Additions BDT	Sale/ disposal BDT		Amortise during the year BDT	Disposal BDT	Total to 31 Dec BDT	
Computer software	1,666,831	-	-	18	-	-	1,666,831	-
Total 2021	1,666,831	-	-		-	-	1,666,831	-
Total 2020	1,666,831	-	-		34,832	-	1,666,831	-

PHOTOGRAPHS FROM IIDFC'S ALBUM



The 20th Annual General Meeting of IIDFC Limited held on 26 December 2021 at 11.30 a.m. through Video Conference (ZOOM).

Large Industries financed by IIDFC



Pharmaceuticals



Food & Beverage



Garments Accessories



Telecommunication



Fiber@ Home Limited, the first ever career service provider incorporated in Bangladesh, getting fund through IPFF and commercial loans, is on the way to network expansion.



A glimpse of the activities of Summit Communications Limited, the largest International Terrestrial Cable (ITC) service provider in Bangladesh.

Small & Medium Enterprises (SME) financed by IIDFC



Express Leather Industry Ltd.



Solar Ceramics Limited, Kewa, Natun Bazar, Sreepur, Gazipur



Ruza Electric Company Limited

Other Events of IIDFC



IIDFC observed the National Mourning Day on its premises on 15 August 2021



Signing of loan agreement between IIDFC and Padakhep Manabik Unnayan Kendra (PMUK)

Workshop and Seminar



A Workshop titled “Vulnerability and Penetration Testing (VAPT), Malware Analysis, Digital Forensic and Threat Intelligence & OSINT” held at Head Office.



A training titled “**Electronic Know Your Customer (EKYC)**” held at Head Office.

Meeting Attended and Remuneration of the Directors during the year 2021

Name of Director	Board of Directors Meeting				Audit Committee Meeting				Total Remuneration paid	Representing
	Total BOD Meeting held during Director's Tenure	Meeting Attended	Attendance as % of total meeting held	Remuneration paid for attending the meeting	Total AC Meeting held during Director's tenure	Meeting Attended	Attendance as % of total meeting held	Remuneration paid for attending the meeting		
Mr. Syed Mahbubur Rahman	07	07	100.00	56,000.00	04	04	100.00	32,000.00	88,000.00	MTBL
Mr. Selim R.F. Hussain	07	05	71.43	40,000.00	-	-	-	-	40,000.00	BRAC Bank
Mr. Md. Ataur Rahman Prodhon	07	06	85.71	48,000.00	-	-	-	-	48,000.00	Sonali Bank
Mr. Md. Matiul Islam	07	07	100.00	56,000.00	-	-	-	-	56,000.00	Self
Mr. Md. Abdus Salam Azad	07	06	85.71	48,000.00	04	04	100.00	32,000.00	80,000.00	Janata Bank
Mr. Md. Abul Hossain	07	06	85.71	48,000.00	04	04	100.00	32,000.00	80,000.00	ICB
Mr. Md. Mehmood Husain	01	01	100.00	8,000.00	-	-	-	-	8,000.00	NBL
Mr. Sheikh Mohammad Maroof	07	04	57.14	32,000.00	-	-	-	-	32,000.00	The City Bank
Mr. Md. Sazzad Hossain	07	06	85.71	48,000.00	-	-	-	-	48,000.00	Bank Asia
Mr. Syed M. Altaf Hussain	07	05	71.43	40,000.00	-	-	-	-	40,000.00	Pragati Insurance
Mr. Md. Kazim Uddin	07	07	100.00	56,000.00	-	-	-	-	56,000.00	NLCL
Mr. Kamal Uddin Ahmed	07	06	85.71	48,000.00	04	04	100.00	32,000.00	80,000.00	EICL
Mr. Choudhury Moshtaq Ahmed	01	-	-	-	-	-	-	-	-	NBL
Mr. Md. Monzur Mofiz	07	07	100.00	56,000.00	04	04	100.00	32,000.00	88,000.00	One Bank
Mr. Shah Syed Abdul Bari	05	03	60.00	24,000.00	02	02	100.00	16,000.00	40,000.00	NBL
Total				608,000.00				176,000.00	784,000.00	

* Leave of absence was granted in all cases of non-attendance.

* Mr. Choudhury Moshtaq Ahmed was nominee director of National Bank Limited and he was replaced by Mr. Shah Syed Abdul Bari on 23 June 2021.

* Mr. Shah Syed Abdul Bari was nominee director of National Bank Limited and he was replaced by Mr. Md. Mehmood Husain on 26 December 2021.

* Remuneration paid to Directors is exclusive of VAT.



উড়িয়েছি পাল ধরিয়াছি হাল
চলেছে সোনার তরি
মুক্তস্বাধীন দুর্নীতিহীন
সোনার বাংলা গড়ি।

– মারুফুল ইসলাম



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This image shows a full page of white paper with horizontal ruling lines. The lines are evenly spaced and extend across the width of the page, typical of notebook or legal stationery. There are no margins, text, or other markings present.

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This image shows a full page of white paper with horizontal ruling lines. The lines are evenly spaced and extend across the width of the page, providing a template for writing or drawing. There are no margins, text, or other markings on the page.



INDUSTRIAL AND INFRASTRUCTURE DEVELOPMENT FINANCE COMPANY LIMITED

Metropolitan Chamber Building (6th Floor), 122-124 Motiheel C/A, Dhaka-1000

PROXY FORM

I/we
of
..... being a member of Industrial and Infrastructure Development Finance Company Limited do hereby appoint
Mr./Mrs./Ms
of
as proxy to attend and vote for me/us and on my/our behalf in the 21st Annual General Meeting of the company to be held
on Wednesday, 21 December 2022 at 11.30 a.m. through video conference (ZOOM) and any adjournment thereof.
As witness my/our hand this day of2022.

Revenue
Stamp of
Tk. 20.00

.....
Signature of Shareholder

.....
Signature of Proxy



IIDFC'S BRANCH LOCATIONS

CHATTOGRAM BRANCH

C & F Tower (4th floor), 1712 Sk. Mujib Road, Agrabad C/A, Chattogram, Bangladesh
Phone: +880-31-2516693, Cell: +88-01730-725559, Fax: +880-31-2516694

UTTARA BRANCH

Kanak Arcade (4th floor), 14 Sonargaon Janapath, Sector-9, Uttara, Dhaka-1230
Phone: +880-2- 55080417, Cell: +88-01755-590616, Fax: +880-2- 48954111

KERANIGANJ BRANCH

BT Tower (2nd floor), Kodomtoli More, Keraniganj, Dhaka-1310, Bangladesh
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GAZIPUR BRANCH

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NARAYANGANJ BRANCH

Mid Town Complex (3rd floor), Holding No.-79 (Old 54), Bangabandhu Road, Narayanganj-1400
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SAVAR BRANCH

M K Tower (5th Floor), Holding No- B-16/1, Jolessor, Shimultala, Savar, Dhaka- 1340, Bangladesh
Cell: +88-01716-828674

www.iidfc.com

Hotline: 16647



IIDFC

Industrial and Infrastructure Development Finance Company Limited
Financial Solutions Under one Umbrella

HEAD OFFICE:

Metropolitan Chamber Building (2nd, 6th & 7th floor)
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