

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 2018

**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 accompanying financial statements of **Industrial and Infrastructure Development Finance Company Limited** ("the Company") which comprise the balance sheet as at 31 December 2018 and the profit & 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 financial statements of the Company give a true and fair view of the financial position of the Company as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note # 2 and comply with the Financial Institutions Act, 1993, the Rules and Regulations issued by the Bangladesh Bank, the Companies Act, 1994 and other applicable Laws and Regulations.

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), Bangladesh Securities and Exchange Commission (BSEC), 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.

Other Information

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

Our opinion on the financial statements does not cover 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.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs as explained in note # 2, 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. The Financial Institutions act, 1993 and the Bangladesh Bank guidelines require the management to ensure effective internal audit, internal control and risk management functions of the Company. The management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, 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.

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

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

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

Report on other Legal and Regulatory Requirements

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

- (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 account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- (iii) the balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;

- (iv) the expenditures incurred and payments made 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) statement sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our attention;
- (x) taxes and 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
- (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
- (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 442 person hours for the audit of the books and accounts of the Company;
- (xvi) the Company has complied with relevant instructions which were issued by Bangladesh Bank relevant to classification, provisioning and calculation of interest suspense;
- (xvii) the Company has complied with the "First Schedule" of 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.

Dated, Dhaka
07 April 2019


A. Qasem & Co.
Chartered Accountants

Industrial and Infrastructure Development Finance Company Limited
Consolidated Balance Sheet
As at 31 December 2018

	Notes	2018 BDT	2017 BDT
PROPERTY & ASSETS			
Cash	3.a		
In Hand (including foreign currencies)		72,530	94,094
Balance with Bangladesh Bank and its Agent Bank(s) (including foreign currencies)		213,673,994	205,026,426
		213,746,524	205,120,520
Balance with Other Banks and Financial Institutions	4.a		
Inside Bangladesh		1,456,355,757	4,570,454,884
Outside Bangladesh		-	-
		1,456,355,757	4,570,454,884
Money at Call and Short Notice	5	-	-
Investments	6.a		
Government		-	-
Others		1,019,118,590	937,546,325
		1,019,118,590	937,546,325
Loans & Advances	7.a		
Lease Receivables		2,612,054,632	2,202,514,543
Advance for Lease Finance		162,809,086	67,789,847
Direct/ Term Finance		16,145,653,413	12,023,496,206
Secured Overdraft		60,981,865	7,767,161
Bills Discounted and Purchased		34,671,551	36,449,271
Margin Loans		2,500,198,390	2,470,287,746
		21,516,368,937	16,808,304,774
Property, Plant & Equipment	8.a	40,088,451	25,700,776
Intangible Asset	8.1.a	1,786,536	2,765,346
Other Assets	9.a	1,109,247,305	981,520,685
Non-banking assets		-	-
Total Assets		25,356,712,100	23,531,413,310
LIABILITIES & CAPITAL			
Borrowings from Other Banks, Financial Institutions & Agents	10.a	5,541,657,992	3,657,863,271
Deposits & Other Accounts	11.a		
Current Deposits & Other Accounts, etc.		-	-
Bills Payable		-	-
Savings Bank Deposits		-	-
Term Deposits		14,682,250,217	15,475,051,426
Bearer Certificate of Deposits		-	-
Other Deposits		2,366,560	3,546,201
		14,684,616,777	15,478,597,627
Other Liabilities	12.a	3,066,982,440	2,630,997,996
Total Liabilities		23,293,257,209	21,767,458,894
Capital/ Shareholders' Equity			
Paid up Capital	13	1,200,000,000	1,000,000,000
Statutory Reserve	14	366,708,633	336,312,006
General Reserve	15.a	66,800,000	65,800,000
Share Money Deposit	16	123,110,960	-
Stock Dividend	17.a	-	-
Retained Earnings	18.a	306,684,271	361,693,269
Total Equity attributable to Shareholder of the Company		2,063,303,864	1,763,805,275
Non-controlling Interest	18.a.3	151,028	149,139
Total Liabilities & Shareholders' Equity		25,356,712,100	23,531,413,310



Industrial and Infrastructure Development Finance Company Limited
 Consolidated Balance Sheet
 As at 31 December 2018

	Notes	2018 BDT	2017 BDT
OFF-BALANCE SHEET ITEMS			
Contingent liabilities			
Letters of guarantee	19	203,549,122	203,549,122
Letters of credit		-	-
LC Commitment		-	-
Irrevocable letter of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
		<u>203,549,122</u>	<u>203,549,122</u>
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		-	-
		-	-
		<u>203,549,122</u>	<u>203,549,122</u>
Total off-balance sheet items including contingent liabilities		<u>203,549,122</u>	<u>203,549,122</u>

The annexed notes 1 to 44 form an integral part of these financial statements


 Chairman


 Director


 Managing Director


 Company Secretary

Signed as per annexed report on even date

Dated, Dhaka
 07 April 2019


 A. Qasem & Co.
 Chartered Accountants



Industrial and Infrastructure Development Finance Company Limited
Consolidated Profit & Loss Account
For the year ended 31 December 2018

	Notes	2018 BDT	2017 BDT
A. OPERATING INCOME			
Interest income	20.a	2,493,918,458	1,635,987,692
Interest paid on deposits, borrowings etc.	21.a	(1,860,962,107)	(1,116,312,529)
Net interest income		632,956,351	519,675,164
Income from investment	22.a	42,255,528	159,187,969
Commission, exchange and brokerage	23.a	73,869,178	100,855,745
Other operating income	24.a	34,224,600	13,733,980
Total operating income		783,305,657	793,452,858
B. OPERATING EXPENSES			
Salaries & allowances	25.a	205,427,538	183,762,864
Rent, taxes, insurance, electricity etc.	26.a	49,353,297	43,529,791
Legal expenses	27.a	11,460,125	7,034,925
Postage, stamp, telecommunications etc.	28.a	4,492,355	5,016,673
Stationery, printing, advertisement etc.	29.a	5,740,111	4,810,146
Managing director's salary and fees	30	7,048,432	8,926,780
Directors' fees	31.a	851,917	696,000
Auditor's fees	32.a	782,000	649,750
Loans & advances written-off	33.a	253,338	24,162,332
Repair, depreciation and amortization of company's assets	34.a	15,875,674	12,598,902
Other expenses	35.a	38,348,441	37,281,369
Total operating expenses		339,633,228	328,469,532
C. Profit/(Loss) before provision (A-B)		443,672,429	464,983,326
D. Provision for loans & advances			
Specific provision	36.a	88,034,704	199,237,549
General provision		30,906,552	(31,059,009)
Provision for diminution in value of investments		51,668,708	9,957,935
Other provision		-	-
Total provision		170,609,964	178,136,475
E. Profit/(Loss) before taxes (C-D)		273,062,465	286,846,851
F. Provision for tax:			
Current tax	37.a	95,924,974	105,018,684
Deferred tax		745,845	1,629,583
Total provision		96,670,819	106,648,267
G. Profit/(Loss) after taxes (E-F)		176,391,646	180,198,584
Attributable to:			
Shareholders of the company		176,379,773	180,188,601
Non-controlling interest		11,873	9,983
		176,391,646	180,198,584
Less: Appropriations			
Statutory reserve		30,396,627	28,775,573
General reserve		1,000,000	1,000,000
		31,396,627	29,775,573
Retained surplus		144,983,147	150,413,027
Earnings per share (EPS)	38.a	1.47	1.80

The annexed notes 1 to 44 form an integral part of these financial statements


Chairman


Director


Managing Director


Company Secretary

Signed as per annexed report on even date

Dated, Dhaka
07 April 2019


A. Qasem & Co.
Chartered Accountants



Industrial and Infrastructure Development Finance Company Limited
Consolidated Cash Flow Statement
For the year ended 31 December 2018

	2018 <u>BDT</u>	2017 <u>BDT</u>
A CASH FLOW FROM OPERATING ACTIVITIES		
Interest receipts in cash	2,462,104,214	1,635,858,786
Interest payments in cash	(1,676,732,553)	(1,192,017,487)
Dividend receipts in cash	31,383,195	35,342,858
Fees and commission receipts in cash	73,869,178	100,855,745
Cash payments to employees	(212,475,970)	(192,689,644)
Cash payments to suppliers	(10,232,466)	(9,826,819)
Income taxes paid	(75,347,364)	(71,692,723)
Receipts from other operating activities	55,481,563	15,340,383
Payments for other operating activities	(104,498,619)	(92,440,687)
Cash generated from operating activities	<u>543,551,177</u>	<u>228,730,412</u>
Increase/(decrease) in operating assets and liabilities, Statutory deposits		
Loans, advances & Investment	(4,708,064,163)	2,926,231,654
Other assets	(149,193,500)	(145,210,548)
Borrowings from bank	1,883,794,721	(2,035,215,397)
Deposits from other banks/FI	(242,629,951)	2,050,685,929
Deposits from customers	2,448,649,101	829,314,681
Other liabilities	297,942,045	77,874,249
	<u>(469,501,748)</u>	<u>3,703,680,568</u>
Net cash from operating activities	<u>74,049,430</u>	<u>3,932,410,980</u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of securities	(1,007,269,715)	81,621,978
Payments for purchase of securities	(2,081,572,265)	(221,987,299)
Purchase of property, plant and equipment	(25,763,149)	(12,173,496)
Payment against lease obligation	-	(738,631)
Proceeds from sale of property, plant and equipment	11,971,617	2,172,904
Net cash used in investing activities	<u>(3,102,633,512)</u>	<u>(151,104,545)</u>
C CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(200,000,000)	-
Share Money Deposit	123,110,960	-
Net cash from financing activities	<u>(76,889,040)</u>	<u>-</u>
D Net increase/(decrease) in cash and cash equivalents (A+B+C)	<u>(3,105,473,122)</u>	<u>3,781,306,435</u>
E Effects of exchange rate changes on cash and cash equivalents	<u>-</u>	<u>-</u>
F Cash and cash equivalents at beginning of the year	<u>4,775,575,404</u>	<u>994,268,968</u>
G Cash and cash equivalents at end of the year (D+E+F)	<u>1,670,102,281</u>	<u>4,775,575,404</u>
Cash and cash equivalents at end of the year		
Cash in hand	72,530	94,094
Balance with Bangladesh Bank and its agents bank(s)	213,673,994	205,026,426
Balance with other banks and financial institutions	1,456,355,757	4,570,454,884
Money at call and short notice	-	-
	<u>1,670,102,281</u>	<u>4,775,575,404</u>


Chairman


Director


Managing Director


Company Secretary

Signed as per annexed report on even date

Dated, Dhaka
07 April 2019




A. Qasem & Co.
Chartered Accountants

Industrial and Infrastructure Development Finance Company Limited
 Consolidated Statement of Changes in Equity
 For the year ended 31 December 2018

Amount in BDT

Particulars	Paid-up Capital	Statutory Reserve	General Reserve	Retained Earnings	Share Money Deposit	Non-controlling Interest	Total
Balance as on 1 January 2018	1,000,000,000	336,312,006	65,800,000	361,691,141	-	149,139	1,763,952,286
Changes in accounting policy	-	-	-	-	-	-	-
Restatement for non-divisible profit	-	-	-	-	-	-	-
Restated balance	1,000,000,000	336,312,006	65,800,000	361,691,141	-	149,139	1,763,952,286
Surplus/(deficit) on account of revaluation of properties	-	-	-	-	-	-	-
Surplus/(deficit) on account of revaluation of investments	-	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-	-
Net gains and losses not recognized in income statement	-	-	-	-	-	-	-
Net profit for the year	-	-	-	176,391,646	-	-	176,391,646
Share money Deposit	-	-	-	-	123,110,960	-	123,110,960
Adjustment/Transfer to non-controlling Interest	-	-	-	(1,889)	-	1,889	-
Dividend (Stock)	200,000,000	-	-	(200,000,000)	-	-	-
Transferred to statutory reserve	-	30,396,627	-	(30,396,627)	-	-	-
Transferred to general reserve	-	-	1,000,000	(1,000,000)	-	-	-
Balance as at 31 December 2018	1,200,000,000	366,708,633	66,800,000	306,684,271	123,110,960	151,028	2,063,454,892


Chairman


Director


Managing Director


Company Secretary

Dated, Dhaka
07 April 2019




A. Qasem & Co.
Chartered Accountants

Industrial and Infrastructure Development Finance Company Limited
Balance Sheet
As at 31 December 2018

		2018	2017
	Notes	BDT	BDT
PROPERTY & ASSETS			
Cash			
In Hand (including foreign currencies)	3	13,432	49,519
Balance with Bangladesh Bank and its Agent Banks (including foreign currencies)		-	-
		213,673,994	205,026,426
		213,687,426	205,075,945
Balance with other Banks and Financial Institutions			
Inside Bangladesh	4	1,329,977,024	4,451,075,624
Outside Bangladesh		-	-
		1,329,977,024	4,451,075,624
Money at Call and Short Notice			
	5	-	-
Investments			
Government	6	-	-
Others		632,407,084	578,196,630
		632,407,084	578,196,630
Loans & Advances			
Lease Receivables	7	2,612,054,632	2,202,514,543
Advance for Lease Finance		162,809,086	67,789,847
Direct/ Term Finance		16,744,205,183	12,645,648,310
Secured Overdraft		60,981,865	7,767,161
Bills Discounted and Purchased		34,671,551	36,449,271
		19,614,722,317	14,960,169,132
Property, Plant & Equipment			
	8	36,641,033	20,954,304
Intangible Asset			
	8.1	1,751,705	2,667,805
Other Assets			
	9	2,303,169,485	2,214,916,563
Non-Banking Assets			
		-	-
Total Assets		24,132,356,074	22,433,056,003
LIABILITIES & CAPITAL			
Borrowings from Other Banks, Financial Institutions & Agents			
	10	5,460,433,269	3,657,863,271
Deposits & Other Accounts			
Current deposits & Other Accounts, etc.	11	-	-
Bills Payable		-	-
Savings Bank Deposits		-	-
Term Deposits		14,682,250,217	15,475,051,426
Bearer Certificate of Deposits		-	-
Other Deposits		2,366,560	3,546,201
		14,684,616,777	15,478,597,628
Other Liabilities			
	12	2,009,662,495	1,594,045,665
Total Liabilities		22,154,712,541	20,730,506,563
Capital/ Shareholders' Equity			
Paid-up Capital	13	1,200,000,000	1,000,000,000
Statutory Reserve	14	366,708,633	336,312,006
General Reserve	15	49,800,000	48,800,000
Share Money Deposit	16	123,110,960	-
Proposed Stock Dividend	17	-	-
Retained Earnings	18	238,023,941	317,437,434
Total Shareholders' Equity		1,977,643,533	1,702,549,440
Total Liabilities & Shareholders' Equity		24,132,356,074	22,433,056,003

Industrial and Infrastructure Development Finance Company Limited
 Balance Sheet
 As at 31 December 2018

OFF-BALANCE SHEET ITEMS	<u>Notes</u>	<u>2018</u> <u>BDT</u>	<u>2017</u> <u>BDT</u>
Contingent liabilities	19		
Letters of guarantee		203,549,122	203,549,122
LC Commitment		-	-
Letters of credit		-	-
Irrevocable letter of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
		<u>203,549,122</u>	<u>203,549,122</u>
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		<u>203,549,122</u>	<u>203,549,122</u>

The annexed notes 1 to 44 form an integral part of these financial statements


Chairman


Director


Managing Director


Company Secretary

Dated, Dhaka
07 April 2019


A. Qasem & Co.
Chartered Accountants



Industrial and Infrastructure Development Finance Company Limited
Profit & Loss Account
For the year ended 31 December 2018

	Notes	2018 BDT	2017 BDT
A. OPERATING INCOME			
Interest income	20	2,449,191,923	1,651,137,980
Interest paid on deposits, borrowings etc.	21	(1,860,189,984)	(1,116,167,739)
Net interest income		589,001,939	534,970,242
Income from investment	22	20,544,922	70,095,432
Commission, exchange and brokerage	23	-	-
Other operating income	24	33,363,307	11,400,159
Total operating income		642,910,168	616,465,833
B. OPERATING EXPENSES			
Salaries & allowances	25	155,607,601	135,399,255
Rent, taxes, insurance, electricity etc.	26	31,264,842	25,320,490
Legal expenses	27	8,207,398	5,761,025
Postage, stamp, telecommunications etc.	28	2,358,839	2,930,673
Stationery, printing, advertisement etc.	29	4,965,567	4,408,167
Managing director's salary and fees	30	7,048,432	8,926,780
Directors' fees	31	657,600	576,000
Auditor's fees	32	494,500	373,750
Repair, depreciation and amortization of company's assets	34	13,874,037	10,240,144
Other expenses	35	29,078,150	25,431,941
Total operating expenses		253,556,966	219,368,225
C. Profit before provision (A-B)		389,353,202	397,097,608
D. Provision for loans & advances			
Specific provision	36	88,034,704	199,237,549
General provision		29,030,681	(31,059,009)
Provision for diminution in value of investments	12.1	40,304,684	5,041,202
Total provision		157,370,069	173,219,742
E. Profit before taxes (C-D)		231,983,133	223,877,866
F. Provision for tax			
Current tax	37	79,253,426	78,363,740
Deferred tax	37.2	746,574	1,636,260
Total provision		80,000,000	80,000,000
Profit after tax		151,983,133	143,877,866
Less: Appropriations			
Statutory reserve		30,396,627	28,775,573
General reserve		1,000,000	1,000,000
		31,396,627	29,775,573
Retained surplus		120,586,506	114,102,293
Earnings per share (EPS)	38	1.27	1.44

The annexed notes 1 to 44 form an integral part of these financial statements


Chairman


Director


Managing Director


Company Secretary

Dated, Dhaka
07 April 2019


A. Qasem & Co.
Chartered Accountants



Industrial and Infrastructure Development Finance Company Limited
Statement of Cash Flows
For the year ended 31 December 2018

	2018 BDT	2017 BDT
A CASH FLOW FROM OPERATING ACTIVITIES:		
Interest receipts in cash	2,320,068,278	1,651,009,074
Interest payments in cash	(1,743,516,723)	(1,193,265,901)
Dividend receipts in cash	13,907,861	16,612,427
Cash payments to employees	(162,656,033)	(144,326,035)
Cash payments to suppliers	(7,324,406)	(7,338,840)
Income taxes paid	(56,194,199)	(41,110,450)
Receipts from other operating activities	54,620,268	13,006,560
Payments for other operating activities	(61,742,307)	(60,228,206)
Cash generated from operating activities	357,162,739	234,358,629
Increase/(decrease) in operating assets and liabilities		
Statutory deposits		
Loans and advances to other banks	-	-
Loans and advances to other customers	(4,628,130,323)	(473,755,882)
Other assets	(63,872,967)	12,157,544
Borrowings from Banks	2,802,569,998	1,406,249,957
Borrowings from other Corporate & Fls	1,206,019,149	2,050,685,929
Deposits from customers	448,649,101	855,387,392
Other liabilities	(66,742,758)	(45,063,965)
	(301,507,800)	3,805,660,974
Net Cash from Operating Activities	55,654,939	4,040,019,603
B CASH FLOW FROM INVESTING ACTIVITIES:		
Investments In Subsidiary	-	-
Proceeds from sale of securities	(1,013,138,584)	51,567,694
Investment in securities	(2,054,210,454)	(176,171,311)
Purchase of property, plant and equipment	(25,445,729)	(11,398,692)
Payment against lease obligation	-	(738,631)
Proceeds from sale of property, plant and equipment	1,541,750	157,670
Net cash used in investing activities	(3,091,253,017)	(136,583,270)
C CASH FLOW FROM FINANCING ACTIVITIES:		
Dividend paid	(200,000,000)	-
Share Money Deposit	123,110,960	-
Net cash from financing activities	(76,889,040)	-
D Net increase/(decrease) in cash and cash equivalents (A+B+C)	(3,112,487,119)	3,903,436,333
E Effects of exchange rate changes on cash and cash equivalents	-	-
F Cash and cash equivalents at beginning of the year	4,656,151,569	752,715,235
G Cash and cash equivalents at end of the year (D+E+F)	1,543,664,450	4,656,151,569
Cash and cash equivalents at end of the year		
Cash in hand	13,432	49,519
Balance with Bangladesh Bank and its agents bank(s)	213,673,994	205,026,426
Balance with other banks and financial institutions	1,329,977,024	4,451,075,624
Money at call and short notice	-	-
	1,543,664,450	4,656,151,569


Chairman


Director


Managing Director


Company Secretary

Dated, Dhaka
07 April 2019


A. Qasem & Co.
Chartered Accountants



Industrial and Infrastructure Development Finance Company Limited
Statement of Changes in Equity
For the Year ended 31 December 2018

Amount in BDT

Particulars	Paid-up Capital	Statutory Reserve	General Reserve	Retained Earnings	Share Money Deposits	Total
Balance as on 1 January 2018	1,000,000,000	336,312,006	48,800,000	317,437,434		1,702,549,440
Changes in accounting policy	-	-	-	-		-
Restatement for non-divisible profit	-	-	-	-		-
Restated balance	1,000,000,000	336,312,006	48,800,000	317,437,434		1,702,549,440
Net profit for the year	-	-	-	151,983,133		151,983,133
Dividend (Cash)	-	-	-	-		-
Appropriations made during the year	200,000,000	-	-	(200,000,000)		-
Share Money Deposit	-	-	-	-	123,110,960	123,110,960
Transferred to statutory reserve	-	30,396,627	-	(30,396,627)		-
Transferred to general reserve	-	-	1,000,000	(1,000,000)		-
Balance as at 31 December 2018	1,200,000,000	366,708,633	49,800,000	238,023,940	123,110,960	1,977,643,533


Chairman


Director


Managing Director


Company Secretary

Dated, Dhaka
07 April 2019


A. Qasem & Co.
Chartered Accountants



Industrial and Infrastructure Development Finance Company Limited
Liquidity Statement
As at 31 December 2018

Amount in BDT

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	13,432	-	-	-	-	13,432
Balances with Bangladesh Bank	213,673,994	-	-	-	-	213,673,994
Balances with other Banks	504,420,937	378,414,616	317,558,292	129,583,179	-	1,329,977,024
Money at Call and on Short Notice	-	-	-	-	-	-
Investments	223,350,881	144,519,903	167,176,315	97,359,985	-	632,407,084
Loans and Advances	1,555,552,669	4,668,980,889	7,258,373,136	4,530,285,594	1,601,530,029	19,614,722,317
Property, Plant & Equipment	2,599,290	8,245,613	15,663,098	10,133,032	-	36,641,033
Intangible Asset (Computer Software)	114,912	364,530	692,449	579,814	-	1,751,705
Other Assets	192,142,782	374,390,787	774,323,908	491,977,568	470,334,440	2,303,169,485
Total assets	2,691,868,897	5,574,916,338	8,533,787,198	5,259,919,172	2,071,864,469	24,132,356,074
LIABILITIES:						
Borrowing from other banks, Fin. Ins. & Agents	1,690,815,713	1,151,104,174	1,383,266,033	279,464,965	955,782,384	5,460,433,269
Deposit and other accounts	800,334,577	3,790,365,793	5,812,252,737	3,767,982,951	513,680,719	14,684,616,777
Provision and other liabilities	128,677,533	388,244,247	447,355,489	289,725,509	755,659,717	2,009,662,495
Total liabilities	2,619,827,823	5,329,714,214	7,642,874,259	4,337,173,425	2,225,122,820	22,154,712,541
Net liquidity gap	72,041,074	245,202,124	890,912,939	922,745,747	(153,258,351)	1,977,643,533


Chairman


Director


Managing Director


Company Secretary

Dated, Dhaka
07 April 2019



Industrial and Infrastructure Development Finance Company Limited and its Subsidiaries
Notes to the Consolidated and Separate Financial Statements
As at and for the year ended 31 December 2018

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 (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 equipments 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 Eunoos Trade Centre (Level 7), 52-53 Dilkusha Commercial Area, Dhaka.

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 stated at 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

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 2018, accumulated provision for leases, loans and advances stand at BDT 518.13 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 2018, Provision for diminution in value of investments stands BDT 48.46 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 2018, in Financial Statements interest suspense account was BDT 241.07 million whereas last year was Taka 147.26 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 2018 and corresponding year 2017 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"	<p>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.</p> <p>IAS 1 requires separate line item for intangible assets on the face of statement of financial position.</p> <p>IFRS 7 requires specific presentation and disclosure relating to all financial instruments.</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>	Financial Statements for 2018 and corresponding year 2017 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 for 2018 and corresponding year 2017 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 for 2018 and corresponding year 2017 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 for 2018 and corresponding year 2017 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 for 2018 and corresponding year 2017 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 2018 and corresponding year 2017 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 for 2018 and corresponding year 2017 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 for 2018 and corresponding year 2017 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 "at fair value through Profit and Loss Account" or under "available for sale" where any change in the fair value at the year-end is taken to Profit and Loss Account or Revaluation Reserve Account respectively.

Bangladesh Bank:

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



2.01.03 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

2.01.04 Financial instruments - presentation and disclosure

In several cases Bangladesh Bank guidelines categorise, 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

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 December 23, 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 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 December 23, 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 December 23, 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 December 23, 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 December 23, 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



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 December 23, 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

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 Minority 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 Minority Interest.

2.03 Integral components of financial statements

The Financial Statements of the Company include the following components:

1. Statement of financial position (Balance Sheet) as at 31 December 2018.
2. Statement of comprehensive income (Profit and Loss A/C) for the year ended 31 December 2018.
3. Statement of Cash Flows for the year ended 31 December 2018.
4. Statement of Changes in Equity for the year ended 31 December 2018.
5. Liquidity Statement as at 31 December 2018.
6. Notes to the Financial Statements.

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 mention 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 January 01 to 31 December 2018.

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 2018. 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 27th December, 2018).

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

Loans and advances/investments are written off as per guidelines of Bangladesh Bank. 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 '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.	Category of Fixed assets	Rate of Depreciation
1	Motor vehicles	20%
2	Furniture & fixtures	10%
3	Office equipments	18%

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.

2.11 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). To comply the above requirement, IIDFC transferred 20% of net profit to statutory reserve before declaration of dividend.

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 Operational 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 and
- e. Miscellaneous receipts.

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.

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.

Brokerage commission

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

Profit or loss on sale of securities

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

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 2018.

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

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. 42.05 .

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
Leases	17	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

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 Address of head office & branch location

Head office is located at Chamber Building (2nd, 6th & 7th floor), 122-124 Motijheel Commercial Area, Dhaka-1000, Chittagong Branch is located at C&F Tower (4th floor), 1222 Sheik Mujib Road, Agrabad Commercial Area, Chittagong and Uttara Branch is located at Kanak Archard (4th floor), 14 Sonargaon Janapath, Sector-9, Uttara, Dhaka-1230. Gazipur Branch is at MAS Square, Chandana Chowrasta, Keraniganj Branch is at BT Tower, Kodomtoli More, Narayanganj Branch is at Mid Town Complex, Bangabandhu Road and Savar Branch is at M K Tower, Jolesshor, Shimultala, Savar.

2.26 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.

2.27 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.

2.28 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 institutions 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.



	2018	2017
	BDT	BDT
3 Cash		
Cash in hand (Note 3.1)	13,432	49,519
Balance with Bangladesh Bank and its agent bank (Note 3.2)	213,673,994	205,026,426
Total	213,687,426	205,075,945

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 and DFIM Circular Letter No. 01. dated 12 January 2017

CRR has been calculated at the rate of 2.50% 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 and FID Circular No. 02 dated 10th November, 2004. 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	193,426,215	176,023,107
Actual reserve held	213,673,994	205,026,426
Surplus / (Deficit)	20,247,779	29,003,319

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 2.50% 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	427,521,256	388,895,226
Actual reserve held (Note-3.4.1)	463,768,379	438,705,419
Surplus / (Deficit)	36,247,123	49,810,193

3.4.1 Actual Reserve held for SLR

Cash in hand	13,432	49,519
Balance with Bangladesh Bank and its agent bank(s)	213,673,994	205,026,426
Balance with other banks and financial institutions (Note-3.4.1.1)	250,080,953	233,629,474
	463,768,379	438,705,419

3.4.1.1 Balance with other banks and financial institutions

Mutual Trust Bank Ltd.	-	23,789,762
Union Bank Ltd.	250,080,953	209,839,712
Bank Alfalah Ltd.	-	-
Total	250,080,953	233,629,474

3.a Consolidated cash

IIDFCL	13,432	49,519
IIDFC Securities Limited	23,819	23,547
IIDFC Capital Limited	35,279	21,028
Sub-Total	72,530	94,094
Balance with Bangladesh Bank and its agent bank(s) (Note-3)	213,673,994	205,026,426
Total	213,746,524	205,120,520



4 Balance with other Banks and Financial Institutions

Inside Bangladesh

Current Accounts:

National Credit & Commerce Bank Ltd.
Southeast Bank Ltd.
Social Islami Bank Ltd.
Agrani Bank Ltd.
BRAC Bank Ltd.
Bank Alfalah Ltd.
Bank Asia Ltd.
Bangladesh Development Bank Ltd.
Trust Bank Ltd.
Commercial Bank of Ceylon PLC
United Commercial Bank Ltd.
Uttara Bank Ltd.
Total

2018	2017
<u>BDT</u>	<u>BDT</u>
1,539	402
-	2,631
128	1,048
-	915
3,969,464	5,820,890
47,715	23,899
16	16
-	6,481
-	300
26,697	26,697
-	2,450
22	22
<u>4,045,581</u>	<u>5,885,751</u>

Short-Term Deposit Accounts:

Southeast Bank Ltd.
Bank Asia Ltd.
AB Bank Ltd.
Bank Alfalah Ltd.
The City Bank Ltd.
Janata Bank Ltd.
Pubali Bank Ltd
ONE Bank Ltd.
Prime Bank Ltd.
NRB Commercial Bank Ltd.
Sonali Bank Ltd.
Total

-	257,848
100,114,493	84,528,323
3,057	3,057
-	91,075
142,402	143,853
2,093	3,148
400,004,199	-
28,959	29,406
-	1,118
-	2,500
80,153	77,789
<u>500,375,356</u>	<u>85,138,117</u>

Fixed Deposits Receipts (FDR) & FDR Placement:

Southeast Bank Ltd.
National Credit & Commerce Bank Ltd.
National Finance Limited
Bangladesh Finance and Investment Co. Ltd.
Bank Asia Limited
Madumoti Bank Limited
International Financial Services Ltd.
Mutual Trust Bank Ltd.
Premier Leasing & Finance Limited
NRB Commercial Bank Ltd.
Union Bank Limited
Union Capital Limited
Standard Bank Limited
South Bangla Agriculture & Commerce Bank Limited
Jamuna Bank Limited
Shahjalal Islami Bank Limited
Social Islami Bank Limited
Prime Finance and Investment Limited
Peoples Leasing And Finance Limited.
Total

-	30,000,000
20,408,000	-
100,000,000	-
20,000,000	-
1,000,000	-
10,000,000	-
2,500,000	-
-	23,789,762
25,000,000	50,000,000
10,000,000	32,274,682
415,967,775	1,264,037,312
30,000,000	-
50,730,812	80,000,000
99,949,500	199,975,000
-	999,975,000
-	1,000,000,000
-	630,000,000
40,000,000	-
-	50,000,000
<u>825,556,087</u>	<u>4,360,051,756</u>

Sub Total

<u>1,329,977,024</u>	<u>4,451,075,624</u>
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Outside Bangladesh

Grand Total

<u>1,329,977,024</u>	<u>4,451,075,624</u>
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	2018 BDT	2017 BDT
4.1 Maturity grouping of Balance with other Banks and Financial Institutions		
On demand	504,420,937	118,770,036
Less than 3 months	378,414,616	1,980,878,627
More than 3 months but less than 1 year	317,558,292	1,652,765,125
More than 1 year but less than 5 years	129,583,179	698,661,835
Above 5 years	-	-
Total	1,329,977,024	4,451,075,624
4.a Consolidated Balance with other Banks and Financial Institutions		
IIDFCL	1,329,977,024	4,451,075,624
IIDFC Securities Limited (Note-4.a.1)	112,558,560	115,270,037
IIDFC Capital Limited (Note-4.a.2)	13,820,173	4,109,223
Total	1,456,355,757	4,570,454,884
4.a.1 IIDFC Securities Limited		
Southeast Bank Ltd.	575,801	1,552,896
NCC Bank Ltd.	15,001,806	-
Bank Asia Ltd.	-	-
Bangladesh Commerce Bank Ltd.	-	3,215
One Bank Ltd.	96,980,953	113,713,926
Total	112,558,560	115,270,037
4.a.2 IIDFC Capital Limited		
Southeast Bank Ltd.	7,800,861	1,989,088
ONE Bank Ltd.	5,943,855	2,045,780
Bangladesh Commerce Bank Ltd.	75,457	74,355
Total	13,820,173	4,109,223
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	-	-
Other Investments		
Preference Shares	-	-
Debenture and Bond (Note-6.1)	52,500,000	53,461,911
Investments in Shares (Note-6.2)	575,484,389	520,021,239
Investments IPO (Note-6.3)	4,422,695	4,713,480
Gold etc.	-	-
Sub Total	632,407,084	578,196,630
Total investments	632,407,084	578,196,630

	2018	2017
	BDT	BDT
6.1 Debenture and Bond		
Investment in Debenture and Bond		
Opening Balance	53,461,911	-
Add: Addition/ adjustment during the year	-	53,461,911
Less: Adjustment during the year	961,911	-
Closing Balance	<u>52,500,000</u>	<u>53,461,911</u>

6.2 Investments in Shares		
<i>Quoted Shares</i>		
Bank Company	29,521,693	52,034,370
Non-Banking Company	38,386,499	53,164,082
Insurance Company	8,977,300	4,387,842
Mutual Fund	36,107,156	66,383,158
Other Company	300,691,742	244,051,788
Total	<u>413,684,390</u>	<u>420,021,240</u>
<i>Un-quoted Shares</i>		
MTB Unit Fund	53,299,999	49,999,999
HFAML Unit Fund	55,600,000	50,000,000
IDLC Growth Fund	52,900,000	-
Total Investment in Shares	<u>161,799,999</u>	<u>99,999,999</u>
	<u>575,484,389</u>	<u>520,021,239</u>

6.3 Investments IPO		
Pacific Denims Limited	-	4,713,480
Intraco CNG Limited	213,330	-
Esquire Knit Composite Limited	1,880,100	-
M.L. Dyeing Limited	120,790	-
Kattali Textile Limited	201,270	-
Runner Automobiles Limited	1,080,825	-
Indo-Bangla Pharmaceuticals Limited	117,750	-
S. S. Steel Limited	134,920	-
AND Telecom Limited	569,040	-
Genex Infosys Limited	104,670	-
Total	<u>4,422,695</u>	<u>4,713,480</u>

	31st December 2018		
	Cost Price (A)	Market Price (B)	Required Provision (C=A-B)
Bank Company	29,521,693	23,867,245	5,654,448
Non-Banking Company	38,386,499	32,117,111	6,269,388
Insurance Company	8,977,300	8,203,956	773,344
Mutual Fund	36,107,156	33,833,138	2,274,018
Other Company	300,691,742	267,198,627	33,493,115
Total	<u>413,684,390</u>	<u>365,220,077</u>	<u>48,464,313</u>

All investments in marketable securities are valued on an aggregate portfolio basis, at the lower of cost and market value as at 31st December 2018. At the end of the reporting year, total cost price of the listed securities was BDT. 413,684,390 where as the market price was BDT. 4,365,220,077 resulting a required provision of BDT. 48,464,313

6.5 Maturity grouping of Investments		
On demand	223,350,881	204,205,061
Less than 3 months	144,519,903	132,131,539
More than 3 months but less than 1 year	167,176,315	152,845,824
More than 1 year but less than 5 years	97,359,985	89,014,207
Above 5 years	-	-
Total	<u>632,407,084</u>	<u>578,196,630</u>



	2018	2017
	BDT	BDT
6.a Consolidated Investments		
IIDFCL	632,407,084	578,196,630
IIDFC Securities Limited (Note - 6.a.1)	314,051,818	309,327,095
IIDFC Capital Limited (Note - 6.a.2)	72,659,688	50,022,600
Total	1,019,118,590	937,546,325

6.a.1 Investment of IIDFC Securities Limited

Quoted Shares

Bank Company	90,925,508	80,204,989
Non-Banking Company	4,183,375	2,544,295
Insurance Company	27,541,973	33,933,112
Mutual Fund	4,002,495	31,809,787
Other Company	158,538,047	131,974,493
Total	285,191,398	280,466,675

Un-quoted Shares

Dhaka Stock Exchange Limited	28,860,420	28,860,420
Total Investment in Shares	314,051,818	309,327,095

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

	31st December 2018		
	Cost Price (A)	Market Price (B)	Required Provision (C=A-B)
Bank Company	90,925,508	71,311,979	(19,613,529)
Non-Banking Company	4,183,375	3,107,280	(1,076,095)
Insurance Company	27,541,973	21,260,714	(6,281,259)
Mutual Fund	4,002,495	2,866,600	(1,135,895)
Other Company	158,538,047	133,092,843	(25,445,204)
Total	285,191,398	231,639,416	53,551,982

6.a.2 Investment of IIDFC Capital Limited

Quoted Shares

Bank Company	12,452,129	2,974,066
Non-Banking Company	8,328,204	8,787,628
Insurance Company	2,565,642	-
Mutual Fund	12,261,703	16,625,245
Other Company	37,052,010	21,635,661
Total	72,659,688	50,022,600

Un-quoted Shares

Total Investment in Shares	72,659,688	50,022,600
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6.a.2.1 Cost Price Vs Market Price of Quoted Investments

	31st December 2018		
	Cost Price (A)	Market Price (B)	Required Provision (C=A-B)
Bank Company	12,452,129	11,263,000	(1,189,129)
Non-Banking Company	8,328,204	6,970,000	(1,358,204)
Insurance Company	2,565,642	2,415,600	(150,042)
Mutual Fund	12,261,703	8,340,000	(3,921,703)
Other Company	37,052,010	27,974,967	(9,077,043)
Total	72,659,688	56,963,567	(15,696,121)



		2018	2017
		BDT	BDT
7 Loans & Advances			
Inside Bangladesh:			
Gross Lease Receivables	14.06%	2,757,177,155	2,344,628,266
Less: Unearned Lease Income	0.74%	145,122,523	142,113,723
Net Lease Receivables	13.32%	2,612,054,632	2,202,514,543
Advance for Lease Finance	0.83%	162,809,086	67,789,847
Total Lease Finance	14.15%	2,774,863,718	2,270,304,390
Direct/ Term Finance	85.37%	16,744,205,183	12,645,648,310
Secured Overdraft	0.31%	60,981,865	7,767,161
Bills Discounted and Purchased (Note-7.8)	0.18%	34,671,551	36,449,271
Total Other Finance	85.85%	16,839,858,599	12,689,864,742
Sub Total (Note-7.1)	100.00%	19,614,722,317	14,960,169,132
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%	19,614,722,317	14,960,169,132
7.1 Details of Loans & Advances			
Lease Finance			
Corporate Clients	6.75%	1,323,461,337	1,309,268,232
Small & Medium Enterprises (SME)	6.57%	1,288,593,295	961,036,158
Sub Total	13.32%	2,612,054,632	2,270,304,390
Direct / term finance			
Syndication Finance	9.53%	1,868,303,400	1,677,113,835
Corporate clients	51.38%	10,078,715,390	7,181,701,699
Small & Medium Enterprises (SME)	21.63%	4,242,790,669	3,174,194,932
Home Loan	2.93%	573,952,600	472,181,961
Bills Discounted and Purchased	0.66%	129,904,326	153,923,774
Secured Overdraft	0.31%	60,981,865	6,870,698
Employee Loan	0.24%	48,019,435	23,877,843
Sub Total	86.68%	17,002,667,685	12,689,864,742
Grand Total	100%	19,614,722,317	14,960,169,132
7.2 Maturity grouping of loans & advances			
On demand		1,555,552,669	1,567,772,161
Less than 3 months		4,668,980,889	3,561,036,585
More than 3 months but less than 1 year		7,258,373,136	5,154,618,227
More than 1 year but less than 5 years		4,530,285,594	3,455,253,539
Above 5 years		1,601,530,029	1,221,488,620
Total		19,614,722,317	14,960,169,132



	2018		2017	
	BDT		BDT	
7.3 Sector/ Industry-wise Loans & Advances				
Agricultural sector	4.11%	806,828,350		454,802,011
Industrial sector:				
Textiles	10.13%	1,986,465,121		1,509,923,878
Garments	10.87%	2,131,913,911		1,622,012,703
Jutes & jute related goods	2.41%	471,773,981		176,930,643
Food items producer/processing industry	2.71%	531,129,458		722,292,384
Plastic industries	1.98%	387,913,709		447,082,894
Lather and lather goods	0.29%	56,464,367		49,392,710
Iron, steel and engineering	8.65%	1,695,750,108		1,179,854,216
Chemicals and pharmaceuticals	3.89%	762,910,208		744,646,732
Cement/ clinker and allied industries	1.38%	271,069,553		320,940,349
Service sector (Hotel, hospital, clinic, tourism, etc.)	3.43%	672,951,172		579,145,343
Paper, printing and packaging	1.30%	254,307,855		266,904,175
Telecommunication and IT industries	5.61%	1,099,779,287		1,047,276,758
Glass and ceramic industries	0.18%	35,848,848		17,615,353
Shipping and ship building industries	2.58%	506,228,623		165,185,326
Electronics and electrical goods	5.98%	1,172,772,149		479,083,581
Power, gas, water and sanitary	7.01%	1,374,716,044		1,081,373,275
Transport and communication	2.84%	556,593,413		370,554,670
Real estate and housing	8.99%	1,764,034,434		1,117,833,228
Merchant banking	1.63%	319,597,170		617,257,265
Others	14.05%	2,755,674,556		1,990,061,638
Total	100.00%	19,614,722,317		14,960,169,132
7.4 Geographical Location-wise Loans & Advances				
Inside Bangladesh				
Dhaka Division	77.73%	15,247,374,411		12,108,037,956
Chittagong Division	16.16%	3,169,256,839		2,590,453,023
Barisal Division	0.50%	97,152,429		99,124,383
Rajshahi Division	2.28%	447,319,265		93,683,354
Rangpur Division	0.03%	6,004,035		24,943,322
Sylhet Division	2.79%	547,504,578		-
Mymensingh Division	0.00%	-		35,303,334
Khulna Division	0.51%	100,110,760		8,623,760
Sub Total	100.00%	19,614,722,317		14,960,169,132
Outside Bangladesh	-	-		-
Total	100.00%	19,614,722,317		14,960,169,132
7.5 Classification of Loans & advances as per Bangladesh Bank circular				
<u>Unclassified</u>				
Standard	91.24%	92.70%	17,897,246,360	13,868,225,003
Special Mention Account (SMA)	1.29%	0.41%	252,598,873	60,944,193
Sub Total	92.53%	93.11%	18,149,845,233	13,929,169,196
<u>Classified</u>				
Sub-standard (SS)	4.16%	2.82%	816,134,531	421,327,418
Doubtful (DF)	1.98%	1.84%	388,637,115	274,853,100
Bad/ Loss (BL)	1.33%	2.24%	260,105,438	334,819,418
Sub Total	7.47%	6.89%	1,464,877,084	1,030,999,936
Total	100%	100%	19,614,722,317	14,960,169,132

	2018 BDT	2017 BDT
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 2,063,305,992 as on 31 December, 2018 whereas BDT 1,763,805,275 as on 31 December, 2017.		
Number of Clients	15	11
Outstanding Amount	5,610,801,270	4,161,518,467
Classified Amount	-	-
Measures taken for recovery	-	-
7.7 Particulars of Loans & Advances		
1. Loans & advances considered good in respect of which the company is fully secured	6,981,315,824	5,244,741,000
2. Loans & advances considered good against which the company holds no security others than the debtor's personal guarantee	9,861,876,324	8,427,977,097
3. Loans & advances considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors	1,194,866,263	706,666,748
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 of firms in which the directors of the company have interest as directors, partners or managing agent or in case of private companies as members	599,599,439	580,784,287
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	15,761,944	-
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 or 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	117,065,385	168,178,540
b. Amount of loans & advances written off	-	-
c. Amount of collection against written of loans & advances	-	-
d. Interest credited to interest suspense account	93,822,721	40,453,469
11. Loans & advances written off:		
a. Current year	36,737,849	117,351,003
b. Cumulative to date	400,580,090	363,842,241
c. Amount of written off loans for which law suits have been filed	400,580,090	363,842,241
7.8 Bills Discounted and Purchased		
Inside Bangladesh	34,671,551	36,449,271
Outside Bangladesh	-	-
Total	34,671,551	36,449,271
7.9 Maturity grouping of Bills Discounted and Purchased		
Within 1 month	423,656	445,379
Over 1 month but within 3 months	11,795,614	12,400,412
Over 3 months but within 6 months	8,238,226	8,660,625
Over 6 months	14,214,055	14,942,854
Total	34,671,551	36,449,271

	2018 <u>BDT</u>	2017 <u>BDT</u>
7.a Consolidated Loans & Advances		
IIDFCL	19,614,722,317	14,960,169,132
IIDFC Securities Limited (Note-7.a.1)	1,756,145,134	1,736,131,804
IIDFC Capital Limited (Note-7.a.2)	744,053,256	734,155,942
	22,114,920,707	17,430,456,878
Less: Inter Company Loans & Advances		
IIDFC Securities Limited	583,551,770	587,101,422
IIDFC Capital Limited	15,000,000	35,050,682
	598,551,770	622,152,104
Total	21,516,368,937	16,808,304,774
7.a.1 Loans & Advance of IIDFC Securities Limited		
Margin Loan	<u>1,756,145,134</u>	<u>1,736,131,804</u>
7.a.2 Loans & Advance of IIDFC Capital Limited		
Margin loan	<u>744,053,256</u>	<u>734,155,942</u>
8 Property, Plant & Equipment		
Own Finance		
A. Cost		
Motor Vehicles	24,634,655	28,702,467
Furniture & Fixtures	28,234,096	13,860,068
Office Equipments	42,149,279	37,049,630
Total	<u>95,018,030</u>	<u>79,612,165</u>
B. Less: Accumulated Depreciation		
Motor Vehicles	15,484,521	20,473,033
Furniture & Fixtures	10,993,577	8,793,445
Office Equipments	31,898,899	29,391,383
Total	<u>58,376,997</u>	<u>58,657,861</u>
C. Written Down Value at the end of the year (A-B)	<u>36,641,033</u>	<u>20,954,304</u>
Lease Finance		
D. Cost		
Furniture & Fixtures	-	-
Office Equipments	-	-
Motor Vehicles	-	-
Total	<u>-</u>	<u>-</u>
E. Less: Accumulated Depreciation		
Furniture & Fixtures	-	-
Office Equipments	-	-
Motor Vehicles	-	-
Total	<u>-</u>	<u>-</u>
F. Written Down value at the end of the year (D-E)	<u>-</u>	<u>-</u>
G. Total Property, Plant & Equipment (C+F)	<u>36,641,033</u>	<u>20,954,304</u>

Details of Property, Plant & Equipments has been presented in Annexure-1



	2018 BDT	2017 BDT
8.1 Intangible asset - computer software (Details in Annexure-1)		
Cost	8,907,176	8,659,276
Add: Addition during the year	-	-
Less: Accumulated amortization	7,155,471	5,991,471
Net book value at the end of the year	1,751,705	2,667,805
8.a Consolidated property, plant & equipment (Details in Annexure-1.a)		
IIDFCL	36,641,033	20,954,304
IIDFC Securities Limited (Note-8.a.1)	3,066,696	4,214,845
IIDFC Capital Limited (Note-8.a.2)	380,722	531,627
Total	40,088,451	25,700,776
8.a.1 Property, plant & equipment of IIDFC Securities Limited		
A. Cost		
Motor vehicles	-	-
Furniture & fixtures	12,364,032	12,545,381
Office equipments	15,611,187	15,810,752
Total	27,975,219	28,356,133
B. Less: Accumulated depreciation		
Motor vehicles	-	-
Furniture & fixtures	9,797,640	8,710,695
Office equipments	15,110,883	15,430,593
Total	24,908,523	24,141,288
C. Written down value at the end of the year (A-B)	3,066,696	4,214,845
8.a.2 Property, plant & equipment of IIDFC Capital Limited		
A. Cost		
Motor vehicles	1,250,000	1,250,000
Furniture & fixtures	819,914	819,914
Office equipments	3,507,943	3,507,943
Total	5,577,857	5,577,857
B. Less: Accumulated depreciation		
Motor vehicles	1,249,994	1,249,994
Furniture & fixtures	684,225	602,233
Office equipments	3,262,916	3,194,003
Total	5,197,135	5,046,230
C. Written down value at the end of the year (A-B)	380,722	531,627
8.1.a Consolidated intangible asset (Details in Annexure-1.a)		
IIDFCL	1,751,705	2,667,805
IIDFC Securities Limited	34,831	97,531
IIDFC Capital Limited	-	10
	1,786,536	2,765,346



	2018 <u>BDT</u>	2017 <u>BDT</u>
9 Other assets		
Investment in shares of subsidiary companies:		
In Bangladesh	1,534,862,970	1,534,862,970
Outside Bangladesh	-	-
Stationery, stamps, printing materials etc.	-	-
Advance rent and advertisement	-	-
Interest accrued on investment but not collected, commission on shares and	19,809,086	8,524,844
Security deposits	12,639,307	10,005,608
Preliminary, formation and organization expenses, renovation/ development and	1,702,017	1,268,846
Branch adjustment	-	-
Suspense account	-	-
Balance with BO account	2,280,089	12,200,760
Others (Note 9.1)	731,876,016	648,053,535
Total	2,303,169,485	2,214,916,563
9.1 Others		
Interest receivable	133,725,066	101,910,822
Advance for travelling	403,920	20,000
Deferred Tax (Note 9.1.1)	7,182,729	8,106,701
Advance for suppliers	9,354,650	12,921,880
Advance tax	580,994,225	524,800,026
Commission on bank guarantee	215,425	186,425
Advance interest paid	-	107,680
Total	731,876,016	648,053,535
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	2,303,169,485	2,214,916,563
IIDFC Securities Limited (Note-9.a.1)	258,951,618	267,922,861
IIDFC Capital Limited (Note-9.a.2)	146,989,172	98,544,231
	2,709,110,275	2,581,383,655
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	1,109,247,305	981,520,685
9.a.1 Other assets of IIDFC Securities Limited		
Cost of TREC holding	85,978,830	124,258,580
Advance rent	1,285,000	1,285,000
Stamp in hand	14,927	14,927
Security deposits	361,856	361,856
Advance tax	127,600,098	112,267,727
Others	43,710,907	29,734,771
Total	258,951,618	267,922,861
9.a.2 Other assets of IIDFC Capital Limited		
License fee	30,196,209	30,196,209
Security deposits	200,000	200,000
Advance tax	46,205,039	42,384,245
Deferred tax assets	71,661	70,328
Others	70,316,263	25,693,449
Total	146,989,172	98,544,231



	2018 BDT	2017 BDT
10 Borrowings from other Banks, Financial Institutions & Agents		
Inside Bangladesh:		
Refinance against SME loan from Bangladesh Bank	807,726,592	827,473,881
From other scheduled Banks (Note - 10.1)	4,652,706,677	2,830,389,390
Sub Total	5,460,433,269	3,657,863,271
Outside Bangladesh	-	-
Total	5,460,433,269	3,657,863,271
10.1 From other scheduled Banks & Financial Institutions		
Long term loan		
Uttara Bank Ltd.	437,499,197	-
National Credit and Commerce Bank Ltd.	200,000,000	-
Pubali Bank Ltd.	961,876,471	-
Midland Bank Ltd.	200,000,000	-
Sub-Total	1,799,375,668	-
Short term loans, overdraft and money at call & short notice		
Eastern Bank Ltd.	450,000,000	-
Agrani Bank Limited	-	80,000,000
Mutual Trust Bank Limited	-	100,407,056
Mutual Trust Bank Limited	201,817,457	-
Bank Alfalah Ltd	-	50,000,000
NRB Commercial Bank Ltd.	20,000,000	-
Standard Bank Ltd.	-	50,000,000
South bangla Agriculture & Commerce Bank Ltd	600,000,000	400,000,000
United Commercial Bank Limited	50,000,000	-
Sonali Bank Ltd	150,000,000	150,000,000
National Credit and Commerce Bank Ltd.	200,000,000	100,000,000
Lankan Alliance Finance Ltd.	50,000,000	-
Jamuna Bank Ltd.	159,184	500,000,000
Janata Bank Ltd.	30,000,000	140,000,000
Uttara Bank	-	350,000,000
Pubali Bank	941,514,430	749,958,918
Woori Bank Ltd.	159,839,938	160,023,416
Sub-Total	2,853,331,009	2,830,389,390
Grand Total	4,652,706,677	2,830,389,390
Security against borrowings from other banks, financial institutions and agents		
Secured	4,232,706,677	2,360,389,390
Unsecured	420,000,000	470,000,000
Total	4,652,706,677	2,830,389,390
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	1,440,704,275	305,178,491
Up to 1 month	980,828,776	771,107,616
Over 1 month but within 6 months	707,189,059	555,977,641
Over 6 months but within 1 year	471,459,372	370,651,761
Over 1 year but within 5 years	238,125,520	187,209,436
Over 5 years	814,399,675	640,264,445
Total	4,652,706,677	2,830,389,390



	2018	2017
	BDT	BDT
10.a Consolidated borrowings from other Banks, Financial Institutions & Agents Inside Bangladesh		
IIDFCL	5,460,433,269	3,657,863,271
IIDFC Securities Limited (Note-10.a.1)	617,974,030	587,101,422
IIDFC Capital Limited (Note-10.a.2)	61,802,463	35,050,682
	6,140,209,762	4,280,015,375
Less: Inter company borrowings		
IIDFC Securities Limited	583,551,770	587,101,422
IIDFC Capital Limited	15,000,000	35,050,682
	598,551,770	622,152,104
Total	5,541,657,992	3,657,863,271
10.a.1 Borrowings of IIDFC Securities Limited		
Inside Bangladesh		
IIDFC Ltd.	583,551,770	587,101,422
Investment Corporation of Bangladesh	34,422,260	-
Total	617,974,030	587,101,422
10.a.2 Borrowings of IIDFC Capital Limited		
IIDFC Ltd.	15,000,000	35,050,682
Investment Corporation of Bangladesh (ICB)	46,802,463	-
Total	61,802,463	35,050,682
11 Deposits & other accounts		
Deposits from banks and financial institutions (Note-11.1)	6,961,506,543	8,204,136,494
Deposits from customers	7,720,743,674	7,270,914,932
Sub-Total	14,682,250,217	15,475,051,426
Other deposit	2,366,560	3,546,201
Grand Total	14,684,616,777	15,478,597,628

IIDFC maintains the highest level of commitment to depositors in terms of repayment, customer service and best returns from their investment.

11.1 Deposits from banks and financial institutions

Agrani Bank Ltd.	200,000,000	-
AB Bank Ltd.	200,000,000	-
BRAC Bank Limited	500,000,000	700,000,000
Eastern Bank Limited	330,000,000	330,000,000
The City Bank Ltd.	1,050,000,000	200,000,000
Jamuna Bank Limited	-	1,000,000,000
Sonali Bank Limited	300,000,000	350,000,000
National Housing Finance and Investments Limited	50,000,000	-
Janata Bank Limited	200,000,000	200,000,000
Mercantile Bank Limited	26,506,543	24,136,494
National Bank Limited	-	200,000,000
Shimanto Bank Limited	-	500,000,000
Union Bank Ltd.	-	1,100,000,000
Pubali Bank Ltd.	-	100,000,000
South Bangla Agriculture and Commerce Bank Ltd.	350,000,000	-
Shahjalal Islami Bank Limited	2,000,000,000	1,200,000,000
Social Islami Bank Limited	-	800,000,000
Shimanto Bank Limited	500,000,000	-
Standard Bank Limited	50,000,000	150,000,000
Modhumoti Bank Ltd.	450,000,000	650,000,000
Midland Bank Limited	100,000,000	100,000,000
National Credit & Commerce Bank Limited	100,000,000	-
Uttara Bank Limited	-	500,000,000
United Commercial Bank Limited	550,000,000	100,000,000
GSP Finance Company (Bangladesh) Limited	5,000,000	-
	6,961,506,543	8,204,136,494



	2018	2017
	BDT	BDT
11.2 Maturity grouping of deposits & other accounts		
Payable on demand	-	-
Up to 1 month	800,334,577	843,607,775
Over 1 month but within 6 months	3,790,365,793	7,157,513,298
Over 6 months but within 1 year	5,812,252,737	2,964,308,106
Over 1 year but within 5 years	3,767,982,951	3,971,713,587
Over 5 years but within 10 years	513,680,719	541,454,862
Over 10 years	-	-
Total	14,684,616,777	15,478,597,627
11.a Consolidated Deposits & Other Accounts		
IIDFCL	14,682,250,217	15,475,051,426
IIDFC Securities Limited	-	-
IIDFC Capital Limited (Note-11.a.1)	-	-
Sub Total	14,682,250,217	15,475,051,426
Other Deposit	2,366,560	3,546,201
Total	14,684,616,777	15,478,597,628
11.a.1 Deposits & Other Accounts of IIDFC Capital Limited		
Deposits from Banks	-	-
Deposits from Customers	-	-
Total	-	-
12 Other Liabilities		
Finance loss reserve (Note 12.1)	566,591,792	442,472,892
Deferred tax	379,710	557,108
Interest suspense account (Note 12.2)	241,078,811	147,256,090
Lease rental advance	24,115,944	22,794,908
Provision for current tax (Note 37)	605,279,245	526,025,819
Liabilities for financial expenses	511,169,135	326,432,079
Liabilities for expenses	1,601,318	996,434
Liabilities for other finance	59,446,540	127,510,335
Obligation under finance lease	-	-
Total	2,009,662,495	1,594,045,665
12.1 Finance Loss Reserve		
Specific Provision on Classified Loans & Advances		
Opening Balance	321,233,085	229,930,482
Less: Provision fully provided loans & advances written-off during the year	(33,251,169)	(107,934,946)
Add: Specific provision provided during the year	88,034,704	199,237,549
Closing balance	376,016,620	321,233,085
Provision for diminution in value of Investments		
Opening Balance	8,159,629	3,118,427
Add: Provision during the year	40,304,684	5,041,202
Closing Balance	48,464,313	8,159,629
General Provision on unclassified Loans & Advances		
Opening balance	113,080,178	144,139,187
Add: General provision provided during the year	29,030,681	(31,059,009)
Closing Balance	142,110,859	113,080,178
Total	566,591,792	442,472,892



			2018	2017
			BDT	BDT
Particulars of required provision for Loans and Advances				
Status of classification	Base for provision	Rate		
Unclassified (General provision)				
Standard - other than SME	12,966,038,705	1.0%	129,660,387	101,425,631
Standard - SME	4,931,207,655	0.25%	12,328,019	9,314,155
Special mention account (SMA)	217,301,197	5.0%	10,865,060	2,774,563
Total	18,114,547,557		152,853,466	113,514,348
Classified (Specific provision)				
Sub-standard (SS)	576,207,495	20.0%	115,241,499	52,931,476
Doubtful (DF)	299,010,931	50.0%	149,505,466	108,052,799
Bad/ loss (BL)	92,943,441	100.0%	92,943,441	150,438,314
Total	968,161,867		357,690,406	311,422,589
Required provision for Investments			48,464,313	8,159,629
Total provision required			559,008,185	433,096,567
Total provision made			566,591,792	442,472,892
Excess provision made			7,583,607	9,376,325
12.2 Interest suspense account				
Opening Balance			147,256,090	106,802,621
Add: Amount transferred to Interest suspense account during the year			97,309,401	50,808,555
Less: Amount written-off during the year			(3,486,680)	(10,355,086)
Closing Balance			241,078,811	147,256,090
12.a Other Liabilities				
IIDFCL			2,009,662,495	1,594,045,665
IIDFC Securities Limited (Note-12.a.1)			709,893,183	742,262,412
IIDFC Capital Limited (Note-12.a.2)			347,426,762	294,689,920
			3,066,982,440	2,630,997,997
Less: Inter company liabilities				
IIDFC Securities Limited			-	-
IIDFC Capital Limited			-	-
Total			3,066,982,440	2,630,997,997
12.a.1 Other Liabilities of IIDFC Securities Limited				
Provision for loans & advances-margin loan			47,398,219	53,382,379
Provision for current tax			114,473,537	100,070,752
Provision for deferred tax			-	-
Payable to clients			94,553,225	108,805,198
Payable to merchant Banks (SEB Capital & IIDFC Capital)			8,846,087	555,399
Payable to DSE			490,679	69,625
Interest suspense account			412,795,293	466,652,802
Liability for expenses			19,709,080	3,075,065
Reserve for risk fund			916,667	816,667
Provision for diminution in value of investments			10,710,396	8,834,525
Total			709,893,183	742,262,412

	2018 BDT	2017 BDT
12.a.2 Other liabilities of IIDFC Capital Limited		
Finance loss reserve	13,317,115	13,317,115
Withholding tax	-	-
Interest suspense account	203,159,547	203,159,547
Provision for diminution in value of investment	15,696,122	4,332,098
Current tax liability	48,350,579	46,081,816
Liability for financial expenses	34,338,766	993,030
Liability for expenses	1,525,244	2,032,746
Payable to Brokerage & Others	31,039,389	24,773,568
Total	347,426,762	294,689,920

13 Share Capital		
Authorized Capital		
(500,000,000 shares of Tk. 10 each)	5,000,000,000	5,000,000,000
Subscribed & Paid-up Capital:		
(120,000,000 shares of Tk. 10 each)	1,200,000,000	1,000,000,000

Paid-up Share Capital as on 31 December, 2018 comprises the followings

Public Sector

Name of Shareholders

	No. of Shares	Value	Percentage
Sonali Bank Limited	8,794,932	87,949,320	7.33%
Janata Bank Limited	8,794,932	87,949,320	7.33%
Investment corporation of Bangladesh	8,794,932	87,949,320	7.33%
	26,384,796	263,847,960	21.99%

Private sector

AB Bank Ltd.	1,753,560	17,535,600	1.46%
Bank Asia Ltd.	8,794,932	87,949,320	7.33%
BRAC Bank Ltd.	8,794,932	87,949,320	7.33%
City Bank Ltd.	8,794,932	87,949,320	7.33%
Mutual Trust Bank Ltd.	8,794,932	87,949,320	7.33%
National Bank Ltd.	8,794,932	87,949,320	7.33%
ONE Bank Ltd.	8,794,932	87,949,320	7.33%
Southeast Bank Ltd.	8,794,932	87,949,320	7.33%
Eastland Insurance Co. Ltd.	8,794,932	87,949,320	7.33%
National Life Insurance Co. Ltd.	8,794,932	87,949,320	7.33%
Pragati Insurance Ltd.	8,794,932	87,949,320	7.33%
Mr. Md. Matiuul Islam	3,912,324	39,123,240	3.26%
	93,615,204	936,152,040	78.01%

Total	120,000,000	1,200,000,000	100.00%
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13.1 Capital adequacy

As per section 4(Gha) of the Financial Institutions Regulations 1994, 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.

Paid up capital	1,200,000,000	1,000,000,000
Required capital as per Bangladesh Bank	1,000,000,000	1,000,000,000
Excess/(Shortage) capital	200,000,000	-

13.2 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%.



	2018 BDT	2017 BDT
Tier-1 (Core Capital)		
Fully paid-up capital/ capital lien with BB	1,200,000,000	1,000,000,000
Statutory reserve	366,708,633	336,312,006
Non-repayable share premium account (share money deposits)	123,110,960	-
General reserve	49,800,000	48,800,000
Retained earnings	238,023,941	317,437,434
Minority interest in subsidiaries	-	-
Non-cumulative irredeemable preference shares	-	-
Dividend equalization account	-	-
Other (if any item approved by Bangladesh Bank)	-	-
Sub-Total	1,977,643,533	1,702,549,440
Deductions from tier-1(Core capital)		
Book value of goodwill and any value of any contingent assets which are shown as	-	-
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	1,977,643,533	1,702,549,440
2. Tier-2 (Supplementary capital)		
General provision (Unclassified up to special limit+SMA+ off balance sheet exposure)	201,317,779	113,514,348
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	201,317,779	113,514,348
Deductions, if any	-	-
Total eligible Tier-2 capital	201,317,779	113,514,348
A Total capital	2,178,961,312	1,816,063,788
B Total risk weighted asset	17,759,628,651	16,588,470,920
C Required capital	1,775,962,865	1,658,847,092
D Surplus / (Deficit)	402,998,447	157,216,696
Capital adequacy ratio (CAR)	12.27%	10.95%
On core capital (Tier-1)	11.14%	10.26%
On supplementary capital (Tier-2)	1.13%	0.68%
14 Statutory reserve		
Opening balance	336,312,006	307,536,433
Add: Addition during the year	30,396,627	28,775,573
Closing balance	366,708,633	336,312,006

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

	2018 BDT	2017 BDT
15 General reserve		
Opening Balance	48,800,000	47,800,000
Add: Addition during the year	1,000,000	1,000,000
Closing balance	<u>49,800,000</u>	<u>48,800,000</u>

General reserve represents reserve for mitigating general and contingent situation which are unforeseen or uncertain relating to the Company and its stakeholders.

15.a Consolidated general reserve		
IIDFCL	49,800,000	48,800,000
IIDFC Securities Limited	17,000,000	17,000,000
IIDFC Capital Limited	-	-
	<u>66,800,000</u>	<u>65,800,000</u>
16 Share Money Deposit		
Opening balance	-	-
Add: Addition during the year (Note. 16.1)	123,110,960	-
Closing balance	<u>123,110,960</u>	<u>-</u>

16.1 Share Money Depots for Right Share:		
Janata Bank Limited	29,316,440	-
AB Bank Limited	5,845,200	-
The City Bank Limited	29,316,440	-
Mutual Trust Bank Limited	29,316,440	-
One Bank Limited	29,316,440	-
	<u>123,110,960</u>	<u>-</u>

During the year 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 shareholders paid their respective amount before 31st December 2018.

17 Stock dividend		
Opening balance	-	-
Add: Interim stock dividend	-	-
Less: Converted into paid up capital	-	-
Closing balance	<u>-</u>	<u>-</u>

17.a Consolidated stock dividend		
IIDFC Limited	-	-
IIDFC Securities Ltd.	-	-
	<u>-</u>	<u>-</u>

18 Retained earnings		
Opening balance	317,437,434	268,335,141
Less: Non-divisible profit (note-18.1)	-	(65,000,000)
Net profit during the year	151,983,133	143,877,866
Less: Statutory reserve	(30,396,627)	(28,775,573)
Less: General reserve	(1,000,000)	(1,000,000)
Less: Proposed stock dividend	-	-
Less: Stock Dividend Distributed for the year 2016	(200,000,000)	-
Closing balance	<u>238,023,941</u>	<u>317,437,434</u>

18.1 Non-divisible profit
Retained earnings of year 2016 for amounting Tk. 65,000,000 which has been adjusted in 2017 as non-divisible profit including minority interests. Its represents stock dividend of Tk. 40,000,000 from IIDFC Capital Limited and Tk. 25,000,000 from IIDFC Securities Limited for the year 2010 & 2011 which has been restated in the year 2017.



	2018	2017
	BDT	BDT
18.a Retained earnings carried forward		
IIDFCL	238,023,941	317,437,434
IIDFC Securities Limited (Note-18.a.1)	99,963,137	86,621,760
IIDFC Capital Limited (Note-18.a.2)	(31,290,934)	(42,355,942)
Sub-Total	306,696,144	361,703,252
Less: Non-controlling interest	11,873	9,983
Total	306,684,271	361,693,269

18.a.a Non-divisible profit

Retained earnings of year 2016 for amounting Tk. 65,000,000 which has been adjusted in 2017 as non-divisible profit including minority interests. Its represents stock dividend of Tk. 40,000,000 from IIDFC Capital Limited and Tk. 25,000,000 from IIDFC Securities Limited for the year 2010 & 2011 which has been restated in the year 2017.

18.a.1 Retained earnings of IIDFC Securities Limited

Opening balance	86,619,632	83,452,560
Add: Prior year adjustment	-	-
Add: Net profit during the year	13,343,505	3,169,200
Less: Stock dividend	-	-
Closing balance	99,963,137	86,621,760

18.a.2 Retained earnings of IIDFC Capital Limited

Opening balance	(42,355,942)	(75,507,459)
Net profit during the year	11,065,008	33,151,517
Closing balance	(31,290,934)	(42,355,942)

18.a.3 Non-controlling interest

Share capital	137,030	137,030
Retained earnings	11,873	9,983
General reserve	2,126	2,126
Closing balance	151,028	149,139

Name of subsidiary company	Amount of share capital	Right of IIDFC	Share of IIDFC	Non-controlling share capital
IIDFC Securities Limited	1,000,000,000	99.9875%	999,874,970	125,030
IIDFC Capital Limited	600,000,000	99.9980%	599,988,000	12,000
	1,600,000,000		1,599,862,970	137,030
Non-Divisible Profit	-		(65,000,000)	-
Total	1,600,000,000		1,534,862,970	137,030

19 Contingent liabilities & capital expenditure commitments

In the normal course of business, the Company makes various commitments and incurs certain contingent liabilities. No material losses are anticipated as a result of these transactions. These contingent liabilities and business commitments are quantified below:

Letter of guarantee:

Money for which the company is contingently liable in respect of guarantees given favouring:

Directors	-	-
Government	-	-
Banks and other financial institutions	-	-
Others (Note-19.1)	203,549,122	203,549,122
Sub Total	203,549,122	203,549,122



	2018 <u>BDT</u>	2017 <u>BDT</u>
Letter of credit:		
For import of equipments under lease finance	-	-
Sub-Total	-	-
Total	203,549,122	203,549,122
19.1 Others		
Bank Guarantee-Non Funded	203,549,122	203,549,122
LC Commitment	-	-
	203,549,122	203,549,122
19.2 Capital expenditure commitments		
There was no capital expenditure contracted but not incurred or provided for as on 31 December, 2018, or no capital expenditure authorized by the Board but not contracted as on 31 December, 2018.		
20 Interest income		
Interest income from balance with other banks & financial institutions	2,206,328	1,930,724
Interest income from lease finance	274,119,467	252,836,307
Interest income from direct/ term finance	1,843,534,050	1,334,656,534
Interest income from FDR placement	328,131,435	58,974,260
Interest income from bills discounted & purchased	1,200,643	2,740,155
Total	2,449,191,923	1,651,137,980
20.a Consolidated interest income		
IIDFCL	2,449,191,923	1,651,137,980
IIDFC Securities Limited (Note-20.a.1)	83,855,115	47,853,812
IIDFC Capital Limited (Note-20.a.2)	31,331,646	9,994,181
	2,564,378,684	1,708,985,973
Less: Inter company transaction		
IIDFC Securities Limited	64,725,395	64,939,941
IIDFC Capital Limited	5,734,831	8,058,340
	70,460,226	72,998,281
Total	2,493,918,458	1,635,987,692
20.a.1 Interest income of IIDFC Securities Limited		
Interest income from margin loan	73,895,387	40,959,303
Interest income from balance with other banks	9,959,728	6,894,509
Total	83,855,115	47,853,812
20.a.2 Interest income of IIDFC Capital Limited		
Interest income from margin loan	31,331,646	9,994,181
Interest income from balance with other banks & financial institutions	-	-
Total	31,331,646	9,994,181



	2018 BDT	2017 BDT
21 Interest paid on deposits, borrowings etc.		
Interest on deposits		
Fixed deposits	631,734,690	518,899,508
Short-term deposits	797,737,881	407,335,484
Other deposits	-	-
	1,429,472,571	926,234,992
Interest on borrowings		
For borrowings from other banks, financial institutions		
Long term loan	300,735,998	129,078,016
Overdraft facilities	107,905,073	39,876,883
Money at call and short notice	22,076,342	20,977,848
	430,717,413	189,932,747
Total	1,860,189,984	1,116,167,739
21.a Consolidated interest paid on deposits, borrowings etc.		
IIDFCL	1,860,189,984	1,116,167,739
IIDFC Securities Limited (Note-22.a.1)	65,497,518	64,939,941
IIDFC Capital Limited (Note-22.a.2)	5,734,831	8,203,130
	1,931,422,333	1,189,310,810
Less: Inter company transaction		
IIDFC Securities Limited	64,725,395	64,939,941
IIDFC Capital Limited	5,734,831	8,058,340
	70,460,226	72,998,281
Total	1,860,962,107	1,116,312,529
21.a.1 Interest paid on deposits, borrowings etc. of IIDFC Securities Limited		
Interest on borrowing from IIDFC Ltd .	64,725,395	64,939,941
Interest on borrowing from bank & other financial institutions	772,123	-
Total	65,497,518	64,939,941
21.a.2 Interest paid on deposits, borrowings etc. of IIDFC Capital Limited		
Interest on borrowing from bank & other financial institutions	5,734,831	8,058,340
Interest on Demand Loan	-	144,790
Total	5,734,831	8,203,130
22 Income from investment		
Capital gain	(13,138,584)	51,567,694
Interest income from bank Bond & Others	16,150,645	1,831,978
Interest income from Unit Fund	3,625,000	83,333
Dividend income	13,907,861	16,612,427
Total	20,544,922	70,095,432
22.a Consolidated income from investment		
IIDFCL	20,544,922	70,095,432
IIDFC Securities Limited (Note-22.a.1)	20,966,248	47,216,693
IIDFC Capital Limited (Note-22.a.2)	744,358	41,875,844
Total	42,255,528	159,187,969
22.a.1 Income from investment of IIDFC Securities Limited		
Dividend income	15,097,379	17,162,409
Capital gain on investment in securities	5,868,869	30,054,284
Total	20,966,248	47,216,693



	2018	2017
	<u>BDI</u>	<u>BDI</u>
22.a.2 Income from investment of IIDFC Capital Limited		
Dividend income	2,377,955	1,568,022
Capital gain on investment in securities	(1,633,597)	40,307,822
Total	744,358	41,875,844
23 Commission, exchange and brokerage		
Commission on securities trading	-	-
Total	-	-
23.a Commission, exchange and brokerage		
IIDFCL	-	-
IIDFC Securities Limited	59,396,462	88,913,203
IIDFC Capital Limited	14,472,716	11,942,542
Total	73,869,178	100,855,745
24 Other operating income		
Syndication fee income	3,966,196	3,820,652
Bank guarantee income	82,953	-
Income from Carbon Finance	19,538,968	-
Application & processing fees	6,262,087	4,891,361
Transfer fees	30,053	421,063
Notice pay received	1,869,871	772,242
Profit from sale of fixed assets	1,481,318	308,908
LC commission	-	-
Collection against written off Loans	-	-
Cancellation charges	131,861	1,185,933
Total	33,363,307	11,400,159
24.a Consolidated other Operating Income		
IIDFCL	33,363,307	11,400,159
IIDFC Securities Limited (Note-24.a.1)	438,690	585,979
IIDFC Capital Limited (Note-24.a.2)	422,603	1,747,842
Total	34,224,600	13,733,980
24.a.1 Other operating income of IIDFC Securities Limited		
BO & trading accounts maintenance income	387,200	470,100
Income against CDBL charges	-	-
Gain on disposal of assets	22,850	45,855
Cheque dishonour charges	28,500	22,000
Others	140	48,024
Total	438,690	585,979
24.a.2 Other operating income of IIDFC Capital Limited		
Non Operating Income	422,603	1,366,757
Underwriting commission	-	375,000
Service Charge & Commission	-	6,085
Total	422,603	1,747,842

	2018 BDT	2017 BDT
25 Salaries & allowances		
Basic salary	82,837,646	66,612,184
Allowances	42,110,142	42,118,834
Festival bonus	9,908,834	7,641,468
Incentive bonus	12,503,729	8,107,942
Company's contribution provident fund	5,504,706	4,848,659
Group insurance	2,242,544	3,070,168
Retirement benefits & gratuity	500,000	3,000,000
Total	155,607,601	135,399,255

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 minimum years of service with the Company. The Company is contributing to the fund as per yearly requirement based on present employees status and naument requirement

25.a Consolidated salaries & allowances

IIDFCL	155,607,601	135,399,255
IIDFC Securities Limited (Note-25.a.1)	36,854,623	37,337,677
IIDFC Capital Limited (Note-25.a.2)	12,965,314	11,025,932
Total	205,427,538	183,762,864

25.a.1 Salaries & allowances of IIDFC Securities Limited

Basic salary	16,197,633	15,567,780
Allowances	13,524,550	14,587,575
Bonus	3,158,969	2,638,214
Company's contribution to provident fund	1,551,087	1,427,577
Group insurance	756,540	734,979
Retirement benefits & gratuity	1,665,844	2,381,552
Total	36,854,623	37,337,677

25.a.2 Salaries & allowances of IIDFC Capital Limited

Basic salary	5,268,137	4,419,290
Allowances	4,460,860	3,640,883
Bonus	2,090,152	1,779,210
Company's contribution provident fund	517,921	436,026
Group Insurance	199,352	170,759
Retirement benefits & gratuity	428,892	579,764
Total	12,965,314	11,025,932

26 Rent, taxes, insurance, electricity etc.

Rent, rate and taxes	27,206,818	21,682,241
Insurance	672,752	758,075
Electricity, gas and water	3,385,272	2,880,174
Total	31,264,842	25,320,490

26.a Consolidated rent, taxes, insurance, electricity etc.

IIDFCL	31,264,842	25,320,490
IIDFC Securities Limited (Note-26.a.1)	16,415,820	16,520,403
IIDFC Capital Limited (Note-26.a.2)	1,672,635	1,688,898
Total	49,353,297	43,529,791



	2018	2017
	BDT	BDT
26.a.1 Rent, taxes, insurance, electricity etc. of IIDFC Securities Limited		
Rent, rates and taxes	14,745,058	14,900,951
Insurance	2,844	2,675
Electricity, gas and water	1,667,918	1,616,777
Total	16,415,820	16,520,403
26.a.2 Rent, taxes, insurance, electricity etc. of IIDFC Capital Limited		
Rent, rates and taxes	1,511,861	1,536,942
Insurance	26,815	23,818
Electricity, gas and water	133,959	128,138
Total	1,672,635	1,688,898
27 Legal expenses		
Professional charges	3,709,876	401,900
Legal expenses	4,497,522	5,359,125
Total	8,207,398	5,761,025
27.a Consolidated legal expenses		
IIDFCL	8,207,398	5,761,025
IIDFC Securities Limited	3,234,199	1,138,200
IIDFC Capital Limited	18,528	135,700
Total	11,460,125	7,034,925
28 Postage, stamp, telecommunications etc.		
Postage and courier	144,665	90,849
Phone, fax & internet	2,214,174	2,839,824
Total	2,358,839	2,930,673
28.a Consolidated postage, stamp, telecommunications etc.		
IIDFCL	2,358,839	2,930,673
IIDFC Securities Limited	1,811,280	1,838,409
IIDFC Capital Limited	322,236	247,591
Total	4,492,355	5,016,673
29 Stationery, printing, advertisement etc.		
Printing & stationery	3,633,967	2,415,883
Advertisement	1,331,600	1,992,284
Total	4,965,567	4,408,167
29.a Consolidated stationery, printing, advertisement etc.		
IIDFCL	4,965,567	4,408,167
IIDFC Securities Limited	652,709	353,759
IIDFC Capital Limited	121,835	48,220
Total	5,740,111	4,810,146
30 Managing director's salary and fees		
Basic salary	2,775,000	3,600,000
Festival bonus	550,000	600,000
Incentive bonus	412,500	900,000
House rent allowance	1,387,500	1,800,000
Medical allowance	138,750	180,000
Entertainment allowance	138,750	180,000
Car allowance (Note-35.1)	677,443	1,075,147
Leave fare assistance	162,500	300,000
Group insurance	236,643	236,643
Earned leave	528,000	-
Others	41,346	54,990
Total	7,048,432	8,926,780

	2018 BDT	2017 BDT
31 Directors' Fees		
Directors' fees	657,600	576,000
Others Benefits	-	-
Total	657,600	576,000
<p>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 were paying fees @ Tk. 5,000.00 for attending each meeting. Presently, Directors/Committee Members are paying fees @ Tk. 8,000.00 for attending each meeting complying DFIM Circular # 13, dated November 30, 2015.</p>		
31.a Consolidated directors' fees		
IIDFCL	657,600	576,000
IIDFC Securities Limited	110,750	62,500
IIDFC Capital Limited	83,567	57,500
Total	851,917	696,000
32 Auditor's fees	494,500	373,750
32.a Auditor's fees		
IIDFCL	494,500	373,750
IIDFC Securities Limited	149,500	149,500
IIDFC Capital Limited	138,000	126,500
Total	782,000	649,750
33 Loans & advances written-off		
Loans & advances written-off during the year	-	-
Interest waived	-	-
Total	-	-
33.a Consolidated loans & advances written-off		
IIDFCL	-	-
IIDFC Securities Limited	251,244	23,528,025
IIDFC Capital Limited	2,094	634,307
Total	253,338	24,162,332
34 Repair, depreciation and amortizations of company's assets		
Repair of company's assets:		
Furniture & fixtures	727,823	289,155
Software's	-	1,312,697
Office equipments	2,531,546	966,439
Sub Total	3,259,369	2,568,291
Depreciation of company's assets		
Own assets	9,450,668	6,515,668
Sub Total	9,450,668	6,515,668
Amortization of company's assets		
Computer software	1,164,000	1,156,185
Total repair and depreciation of company's assets	13,874,037	10,240,144



	2018 BDT	2017 BDT
34.a Consolidated repair, depreciation and amortization of company's assets		
Repair of company's assets		
IIDFCL	3,259,369	2,568,291
IIDFC Securities Limited	390,848	593,931
IIDFC Capital Limited	6,213	86,630
	3,656,430	3,248,852
Depreciation of company's assets		
IIDFCL	9,450,668	6,515,668
IIDFC Securities Limited	1,390,973	1,527,293
IIDFC Capital Limited	150,904	150,904
	10,992,545	8,193,865
Amortization of company's assets		
IIDFCL	1,164,000	1,156,185
IIDFC Securities Limited	62,699	-
IIDFC Capital Limited	-	-
	1,226,699	1,156,185
Total repair and depreciation of company's assets	15,875,674	12,598,902
35 Other expenses		
Office maintenance	2,869,204	1,462,307
Travelling & conveyance	11,352,370	8,450,648
Meeting expenses	3,223,666	2,930,300
Entertainment	550,781	361,102
Portfolio Maintenance Expenses	-	3,317,975
Car running & maintenance expenses	5,930,800	6,064,509
Bank charge & excise duty	1,643,654	950,415
Interest for lease facility	-	11,454
Training expenses	1,005,899	371,707
Membership fees & subscriptions	390,000	393,000
Books & periodicals	75,885	74,166
Capital issue expenses	147,427	42,958
Donation for Relief Purpose	700,000	915,590
Eid tips	36,150	35,500
ADB project expenses	1,152,314	50,310
Total	29,078,150	25,431,941
35.1 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 2018, total car maintenance and running cost of the Company was BDT 6,608,243 which was BDT 5,753,982 in the Y2017. The total costs includes fuel cost for running vehicles and maintenance costs for full year.		
35.a Consolidated other expenses		
IIDFCL	29,078,150	25,431,941
IIDFC Securities Limited	8,211,587	10,846,426
IIDFC Capital Limited	1,058,704	1,003,002
Total	38,348,441	37,281,369
36 Provision for loans & advances		
Provision for classified loans & advances	88,034,704	199,237,549
Provision for unclassified loans & advances	29,030,681	(31,059,009)
Provision for diminution in value of investments	40,304,684	5,041,202
Provision for off-balance sheet items	-	-
Total	157,370,069	173,219,742



	2018 BDT	2017 BDT
36.a Consolidated provision for loans & advances		
Provision for classified loans & advances	88,034,704	199,237,549
Provision for unclassified loans & advances	30,906,552	(31,059,009)
Provision for diminution in value of investments	51,668,708	9,957,935
Provision for off-balance sheet items	-	-
Total	170,609,964	178,136,475

37 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 Income Tax Ordinance, 1984 and amendments made thereto. The current tax rate for the Company is 40.00% on taxable income (In 2017: 42.50%). 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

Less: Settlement during the year

Closing balance

526,025,819	447,662,079
79,253,426	78,363,740
-	-
605,279,245	526,025,819

37.1 Provision for deferred tax

Opening balance

Add: Provision made during the year (Note-37.2)

Less: Deferred tax no more required-transferred to current tax

Less: Settlement during the year

Closing balance

(7,549,597)	(9,185,857)
746,574	1,636,260
-	-
-	-
(6,803,023)	(7,549,597)

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".

37.2 Deferred tax expense/(income)

Change in Deferred Tax Liability

Change in Deferred Tax Asset

(177,398)	85,331
923,972	1,550,929
746,574	1,636,260

37.a Consolidated provision for tax

Opening balance

Add: Provision made during the year

Add: Deferred tax during the year

Closing balance

663,864,935	557,209,991
95,924,974	105,018,684
745,845	1,636,260
96,670,819	106,654,944
760,535,754	663,864,935

38 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)

Number of ordinary shares outstanding during the year

Basic earnings per share (in BDT)

151,983,133	143,877,866
120,000,000	100,000,000
1.27	1.44

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



2018
BDT

2017
BDT

38.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)
Number of ordinary shares outstanding during the year
Basic earnings per share (in BDT)

176,391,646	180,198,584
120,000,000	100,000,000
1.47	1.80

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 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

Name of the parties	Nature of Loan/Lease	Nature of Transactions	Outstanding Balance BDT	Outstanding Balance BDT
Southeast Bank Ltd.	Sponsor Shareholder	FDR Placement	-	30,000,000
Southeast Bank Ltd.	Sponsor Shareholder	STD Account	-	257,848
Southeast Bank Ltd.	Sponsor Shareholder	Current Account	-	2,631
Pragati Insurance Limited	Sponsor Shareholder	Term Deposit	34,297,896	-
Janata Bank Ltd.	Sponsor Shareholder	Call Money Received	30,000,000	140,000,000
Janata Bank Ltd.	Sponsor Shareholder	Term Deposit	200,000,000	200,000,000
Janata Bank Ltd.	Sponsor Shareholder	STD Account	2,093	3,148
Bank Asia Ltd .	Sponsor Shareholder	Term Deposit	1,000,000	-
Bank Asia Ltd .	Sponsor Shareholder	STD Account	100,114,493	84,528,323
Bank Asia Ltd .	Sponsor Shareholder	Current Account	16	16
The City Bank Ltd.	Sponsor Shareholder	STD Account	142,402	143,853
The City Bank Ltd.	Sponsor Shareholder	Term Deposit	1,050,000,000	-
National Bank Ltd.	Sponsor Shareholder	Term Deposit	-	200,000,000
One Bank Ltd.	Sponsor Shareholder	STD Account	28,957	29,406
Sonali Bank Ltd.	Sponsor Shareholder	STD Account	80,153	77,789
Sonali Bank Ltd.	Sponsor Shareholder	Term Deposit	300,000,000	350,000,000
Sonali Bank Ltd.	Sponsor Shareholder	Call Money Received	150,000,000	150,000,000
AB Bank Ltd.	Sponsor Shareholder	Term Deposit	200,000,000	-
AB Bank Ltd.	Sponsor Shareholder	STD Account	3,057	3,057
Mutual Trust Bank Ltd.	Sponsor Shareholder	Term Deposit	-	23,789,762
Mutual Trust Bank Ltd.	Sponsor Shareholder	Call Money Received	170,000,000	100,000,000
Mutual Trust Bank Ltd.	Sponsor Shareholder	Overdraft	31,817,457	407,056
National Life Insurance Limited	Sponsor Shareholder	Term Deposit	285,000,000	-
BRAC Bank Ltd.	Sponsor Shareholder	Term Deposit	500,000,000	700,000,000
BRAC Bank Ltd.	Sponsor Shareholder	Current Account	3,969,464	5,820,890
			3,056,455,988	1,985,063,779



40 Operating Segment Report

Amount in BDT

Segment Revenue and profit	For the year 2018			
	Core Financing Business	Brokerage House Business	Merchant Banking Business	Total Business as a Group
Revenue income				
Net interest income	589,001,939	18,357,597	25,596,815	632,956,351
Investment income	20,544,922	20,966,248	744,358	42,255,528
Commission and brokerage	-	59,396,462	14,472,716	73,869,178
Other operating income	33,363,307	438,690	422,603	34,224,600
Inter-segment revenue	(70,460,226)	-	-	(70,460,226)
Total Segment Revenue (A)	572,449,942	99,158,997	41,236,492	712,845,431
Other operating expenses	169,222,703	3,419,864	10,654,295	183,296,862
Major non-cash expenses				
Depreciation	13,874,037	1,390,973	150,904	15,415,914
Provision for future losses	157,370,069	1,875,871	11,364,024	170,609,964
Inter-segment expense Adjustment	-	64,725,395	5,734,831	70,460,226
Total Segment Expense (B)	340,466,809	71,412,103	27,904,054	439,782,966
Reportable segment profit before tax (A-B)	231,983,133	27,746,894	13,332,438	273,062,465

Revenue and profit	For the year 2017			
	Core Financing Business	Brokerage House Business	Merchant Banking Business	Total Business as a Group
Revenue income				
Net interest income	534,970,242	(17,086,129)	1,791,051	519,675,164
Investment income	70,095,432	47,216,693	41,875,844	159,187,969
Commission and brokerage	-	88,913,203	11,942,542	100,855,745
Other operating income	11,400,159	585,979	1,747,842	13,733,980
Inter-segment revenue/interest expense adjustment	(72,998,281)	-	-	(72,998,281)
Total Segment Revenue (A)	543,467,552	119,629,746	57,357,279	720,454,577
Other operating expenses	136,129,800	27,428,889	6,995,941	170,554,630
Major non-cash expenses				
Depreciation	10,240,144	1,527,293	150,904	11,918,341
Provision for future losses	173,219,742	868,937	4,047,796	178,136,475
Inter-segment expense Adjustment	-	64,939,941	8,058,340	72,998,281
Total Segment Expense (B)	319,589,686	94,765,060	19,252,981	433,607,727
Reportable segment profit before tax (A-B)	223,877,866	24,864,686	38,104,298	286,846,851

Segment assets and liabilities	For the year 2018			
	Core Financing Business	Brokerage House Business	Merchant Banking Business	Total Business as a Group
Segment Assets				
Total Assets	24,132,356,074	2,444,832,478	977,938,291	27,555,126,843
Inter-segment assets	(598,551,770)	(583,551,770)	(15,000,000)	(1,197,103,540)
Total Segment Assets	23,533,804,304	1,861,280,708	962,938,291	26,358,023,303
Segment Liabilities				
Total liabilities	22,154,712,541	1,327,867,213	409,229,225	23,891,808,979
Inter-segment liabilities	(598,551,770)	(583,551,770)	(15,000,000)	(1,197,103,540)
Total Segment Liabilities	21,556,160,771	744,315,443	394,229,225	22,694,705,439
Total Segment Equity	1,977,643,534	1,116,965,265	568,709,066	3,663,317,864



Segment assets and liabilities	For the year 2017			
	Core Financing Business	Brokerage House Business	Merchant Banking Business	Total Business as a Group
Segment Assets				
Total Assets	22,433,056,003	2,324,182,523	887,384,660	25,644,623,186
Inter-segment assets	(622,152,104)	(587,101,422)	(35,050,682)	(1,244,304,208)
Total Segment Assets	21,810,903,899	1,737,081,101	852,333,978	24,400,318,978
Segment Liabilities				
Total Liabilities	20,730,506,563	1,220,560,763	329,740,602	22,280,807,928
Inter-segment liabilities	(622,152,104)	(587,101,422)	(35,050,682)	(1,244,304,208)
Total Segment Liabilities	20,108,354,459	633,459,341	294,689,920	21,036,503,720
Total Segment Equity	1,702,549,440	1,103,621,760	557,644,058	3,363,815,258

41 Board meetings

During the year total number of Board Meetings was 10, which was held at the following dates:

Serial Number	No. Meeting	Date of Meeting
1	205th Meeting	17-Jan-18
2	206th Meeting	28-Feb-18
3	207th Meeting	5-Apr-18
4	208th Meeting	6-May-18
5	209th Meeting	11-Jun-18
6	210th Meeting	23-Jul-18
7	211th Meeting	16-Aug-18
8	212th Meeting	31-Oct-18
9	213th Meeting	11-Dec-18
10	214th Meeting	24-Dec-18

42 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, the Board of Directors in its meeting Constituted

Name	Status in the board	Status in the committee	Other engagement
1. Mr. Md. Obayed Ullah Al Masud	Director	Chairman	CEO & Managing Director, Sonali Bank Limited
2. Mr. Md. Abdus Salam Azad	Director	Member	CEO & Managing Director, Janata Bank Limited
3. Mr. Wakar Hasan	Director	Member	Deputy Managing Director, ONE Bank Limited
4. Mr. Choudhury Moshtaq Ahmed	Director	Member	Managing Director, National Bank Limited
5. Mr. Kazi Sanaul Hoq	Director	Member	Managing Director, ICB

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

b. Meetings held by the committee during the year

No. Meeting	Date of Meeting
30th Meeting	30-May-18
31st Meeting	22-Oct-18
32nd Meeting	9-Dec-18
33rd Meeting	24-Dec-18

c. In the meeting amongst other the committee has discussed the following issues during the year 2018

- The audit committee reviewed the Financial Statements for the year ended 31 December 2017.
- Reviewed and discussed the Management Letter provided by the external auditor M/s. A. Qasem & Co. for the year ended 31 December 2017 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 2017 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.



43 Others Disclosure

43.1 Un-acknowledged debt

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

43.2 Employees' information

A total number of 120 employees were employed in IIDFC as of 31 December 2018. All the employees received salary more than BDT 36,000.00 p.a. during the period 2018.

43.3 Written-off of accounts

During the year under review, total three loans & advances were written-off having outstanding of BDT.36,737,849. Again BDT 117,351,003 was written-off in the corresponding previous years.

43.4 Subsequent events

No subsequent events are occurred after the balance sheet date.

43.5 Directors' responsibility statement

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

43.6 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 07 April 2019.

44 General Disclosure

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

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



Industrial and Infrastructure Development Finance Company Limited
Consolidated Fixed Assets Schedule
As at 31 December 2018

Consolidated Property, Plant & Equipment

Figures in Taka

Serial No.	Particulars	COST			Rate	DEPRECIATION				Net Book Value as at 31 December 2018
		Balance as at 1 Jan 2018	Additions During the Year	Adjustment during the year		Balance as at 31 December 2018	Charged during the year	Adjustment during the year	Balance as at 31 December 2018	
1	Motor vehicles	29,952,467	4,883,778	8,951,590	20%	21,723,027	3,952,300	8,940,812	16,734,515	9,150,140
2	Furniture & fixtures	27,225,364	14,416,733	224,055	10%	18,106,374	3,518,527	149,459	21,475,442	19,942,600
3	Office equipments	56,368,325	6,214,738	1,314,654	18%	48,015,979	3,521,718	1,265,000	50,272,697	10,995,712
As at 31 December 2018		113,546,156	25,515,249	10,490,299		87,845,380	10,992,545	10,355,271	88,482,654	40,088,452
As at 31 December 2017		103,409,906	12,000,246	1,863,996		81,420,380	8,193,865	1,946,177	87,845,380	25,700,776

Intangible Asset

Figures in Taka

Serial No.	Particulars	COST			Rate	AMORTISATION			Net book value as at 31 Dec 2018	
		Balance as at 1 Jan 2018	Additions during the Year	Adjustment during the year		Balance as at 1 Dec 2018	Amortized during the year	Adjustment during the year		Balance as at 31 Dec 2018
1	Computer software's	11,826,107	247,900	-	18%	9,060,772	1,226,699	-	10,287,471	1,786,536
As at 31 December 2018		11,826,107	247,900	-		9,060,772	1,226,699	-	10,287,471	1,786,536
As at 31 December 2017		11,652,857	173,250	-		7,841,877	1,156,185	-	9,060,761	2,765,346



Industrial and Infrastructure Development Finance Company Limited
Fixed Assets Schedule
As at 31 December 2018

Property, Plant & Equipment - Own Finance

Serial No.	Particulars	COST				Rate	DEPRECIATION				Net Book Value as at 31 December 2018
		Balance as at 1 Jan 2018	Additions During the Year	Adjustment during the year	Balance as at 31 December 2018		Charged during the year	Adjustment during the year	Balance as at 31 December 2018		
1	Motor Vehicles	28,702,467	4,883,778	8,951,590	24,634,655	20%	3,952,300	8,940,812	15,484,521	9,150,134	
2	Furniture & Fixtures	13,860,068	14,374,028	-	28,234,096	10%	2,200,132	-	10,993,577	17,240,519	
3	Office Equipments	37,049,630	5,940,023	840,374	42,149,279	18%	3,298,236	790,720	31,898,899	10,250,380	
	As at 31 December 2018	79,612,165	25,197,829	9,791,964	95,018,030		9,450,668	9,731,532	58,376,997	36,641,033	
	As at 31 December 2017	69,997,463	11,225,442	1,610,740	79,612,165		6,515,668	1,761,978	58,657,861	20,954,304	

Intangible Asset - Computer Software

Serial No.	Particulars	COST			Rate	AMORTISATION			Net Book Value as at 31 December 2018	
		Balance as at 1 Jan 2018	Additions During the Year	Adjustment during the year		Balance as at 31 December 2018	Charged during the year	Adjustment during the year		
1	Computer Software	8,659,276	247,900	-	8,907,176	18%	1,164,000	-	7,155,471	1,751,705
	As at 31 December 2018	8,659,276	247,900	-	8,907,176		1,164,000	-	7,155,471	1,751,705
	As at 31 December 2017	8,486,026	173,250	-	8,659,276		1,156,185	-	5,991,471	2,667,805



Industrial and Infrastructure Development Finance Company Limited
Highlights

Sl.	Particulars	Amount in BDT	
		2018	2017
1	Paid-up capital	1,200,000,000	1,000,000,000
2	Total capital	1,977,643,533	1,702,549,440
3	Capital surplus	777,643,533	702,549,440
4	Total assets	24,132,356,074	22,433,056,003
5	Total deposits	14,684,616,777	15,478,597,628
6	Total leases, loans and advances	19,614,722,317	14,960,169,132
7	Total contingent liabilities and commitments	203,549,122	203,549,122
8	Credit deposit ratio	133.57%	96.65%
9	Percentage of classified loans against total loans and assets	7.47%	6.89%
10	Profit after tax and provision	151,983,133	143,877,866
11	Amount of classified loan during year	1,464,877,084	1,030,999,936
12	Provisions kept against classified loans	357,690,406	311,422,589
13	Provision surplus against classified loans	7,583,607	9,376,325
14	Cost of fund	9.65%	7.66%
15	Interest earnings assets	20,944,699,341	19,411,244,756
16	Non-interest earnings assets	3,187,656,733	3,021,811,247
17	Return on investment (ROI)	12.4%	11.2%
18	Return on assets (ROA)	0.96%	1.00%
19	Income from investment	2,469,736,845	1,721,233,412
20	Earnings per share	1.27	1.44
21	Net Income per share	1.27	1.44
22	Price earnings ratio	N/A	N/A

