

IDLC Finance Limited

Financial Statements

as at and for the year ended December 31, 2017

IDLC Finance Limited and its Subsidiaries
Consolidated Balance Sheet as at December 31, 2017

	<u>Note</u>	<u>31.12.2017</u> <u>Taka</u>	<u>31.12.2016</u> <u>Taka</u>
PROPERTY AND ASSETS			
Cash	3		
In hand (including foreign currencies)	3.1	385,000	376,000
Balance with Bangladesh Bank and its agent (including foreign currencies)	3.2	1,095,727,369	975,781,535
		1,096,112,369	976,157,535
Balance with other banks and financial institutions	4		
Inside Bangladesh	4(a)	13,631,778,315	10,377,181,667
Outside Bangladesh	4(b)	-	-
		13,631,778,315	10,377,181,667
Money at call and short notice	5	-	-
Investments	6		
Government		-	-
Others		7,922,749,192	4,348,316,767
		7,922,749,192	4,348,316,767
Loans and advances	7		
Loans, cash credit, overdraft etc.		71,498,548,035	62,216,869,177
Bills purchased and discounted		-	-
		71,498,548,035	62,216,869,177
Fixed assets including land, building, furniture and fixtures	8(c)	662,791,925	654,273,352
Other assets	9	874,963,255	738,284,186
Non-banking assets		-	-
Total Assets		95,686,943,091	79,311,082,684
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	10	11,400,359,336	12,564,377,442
Deposits and other accounts	11		
Current accounts and other accounts etc.		-	-
Bills payable		-	-
Savings bank deposits		-	-
Term deposits		59,853,619,702	47,474,930,697
Bearer certificate of deposits		-	-
Other deposits		2,238,814,210	1,849,394,133
		62,092,433,912	49,324,324,830
Other liabilities	12	9,596,670,976	8,484,540,856
Total Liabilities		83,089,464,224	70,373,243,128
Capital/Shareholders' equity			
Paid-up capital	13	3,770,507,800	2,513,671,870
Share premium	14	1,260,585,930	3,750,000
Statutory reserves	15	2,098,412,371	1,782,004,350
General reserves	16	1,000,000,000	1,000,000,000
Dividend equalisation reserves		46,500,000	46,500,000
Retained earnings		4,421,469,765	3,591,910,951
Total Equity attributable to equity holders of the company		12,597,475,866	8,937,837,171
Non-controlling interest		3,001	2,385
Total Liabilities and Shareholders' equity		95,686,943,091	79,311,082,684

	<u>Note</u>	<u>31.12.2017</u> <u>Taka</u>	<u>31.12.2016</u> <u>Taka</u>
OFF-BALANCE SHEET ITEMS			
Contingent liabilities			
	17.1		
Acceptances and endorsements		-	-
Letters of guarantee		91,601,562	199,206,314
Irrevocable letters of credit		-	-
Bills for collection		-	-
Indemnity bond		-	-
Corporate guarantee		750,000,000	750,000,000
		841,601,562	949,206,314
Other commitments			
	17.2		
Documentary credits and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Un-drawn note issuance and revolving underwriting facilities		-	-
Un-drawn formal standby facilities, credit lines		-	-
Un-disbursed contracted loans and leases		1,184,170,146	784,630,423
		1,184,170,146	784,630,423
Total Off-Balance Sheet items including contingent liabilities		2,025,771,708	1,733,836,737
Net Assets Value (NAV) per share	37	33.41	23.70

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

Sd/-
Chairman

Sd/-
Director

Sd/-
CEO & Managing Director

Sd/-
Company Secretary

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

Dhaka
14 February, 2018

A Qasem & Co
Chartered Accountants

IDLC Finance Limited and its Subsidiaries
Consolidated Profit and Loss Account for the year ended December 31, 2017

	<u>Note</u>	<u>2017</u> <u>Taka</u>	<u>2016</u> <u>Taka</u>
Interest income	19	8,892,872,138	8,359,739,673
Interest on deposits and borrowings etc.	20	(4,898,052,961)	(4,625,068,399)
Net interest income		3,994,819,177	3,734,671,274
Investment income	21	1,082,497,483	475,981,791
Commission, exchange and brokerage	22	755,121,539	441,325,925
Other operating income	23	447,973,309	511,882,259
Total operating income		6,280,411,508	5,163,861,249
Salaries and allowances	24	1,295,049,167	1,043,602,767
Rent, taxes, insurance, electricity etc.	25	220,165,817	215,855,916
Legal expenses	26	25,855,925	18,682,742
Postage, stamp, telecommunication etc.	27	37,748,974	33,958,799
Stationery, printing, advertisements etc.	28	139,569,069	102,687,500
Managing Director's salary and benefits	29	10,440,000	8,875,000
Directors' fees	30	2,283,518	1,872,048
Auditors' fees	31	1,368,381	991,875
Charges on loan losses		-	-
Depreciation and repair of Company's assets	32	193,101,509	199,948,282
Other expenses	33	410,185,643	332,627,249
Total operating expenses		2,335,768,003	1,959,102,178
Profit before provision		3,944,643,505	3,204,759,071
Provision for loans and investments	12.6(ii)		
General provision		61,886,988	48,686,037
Specific provision		170,923,913	167,588,219
Provision for diminution in value of investments		-	(60,498,426)
Other provisions		-	-
Total provision		232,810,901	155,775,830
Total profit before taxation		3,711,832,604	3,048,983,241
Provision for taxation			
Current tax expense	12.2	1,448,167,284	1,269,750,001
Deferred tax income	9.4	(13,454,473)	(1,062,076)
		1,434,712,811	1,268,687,925
Net profit after taxation		2,277,119,793	1,780,295,316
Attributable to:			
Shareholders of the Company		2,277,119,177	1,780,295,096
Non-controlling interest		616	220
		2,277,119,793	1,780,295,316
Appropriations to:			
Statutory reserves		316,408,021	299,281,679
General reserves		-	-
Dividend etc.		-	-
		316,408,021	299,281,679
Retained surplus		1,960,711,156	1,481,013,417
Earnings Per Share (EPS)	36	6.13	5.49

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

Sd/-
Chairman

Sd/-
Director

Sd/-
CEO & Managing Director

Sd/-
Company Secretary

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

Dhaka
14 February, 2018

A Qasem & Co
Chartered Accountants

IDLC Finance Limited and its Subsidiaries
Consolidated Cash Flow Statement
for the year ended December 31, 2017

	<u>2017</u> <u>Taka</u>	<u>2016</u> <u>Taka</u>
A) Cash flows from operating activities		
Interest received	8,870,522,996	8,269,382,239
Interest paid	(2,146,404,404)	(1,959,930,894)
Dividend received	137,228,732	86,295,233
Fees and commission received	755,121,539	441,325,925
Paid to employees and suppliers	(2,171,542,986)	(1,794,077,141)
Payment of income tax	(1,058,910,701)	(1,302,580,492)
Received from other operating activities	1,379,575,318	889,242,718
Cash generated from operating activities before changes in operating assets and liabilities	5,765,590,494	4,629,657,588
Increase/(decrease) in operating assets and liabilities		
Lease receivable	321,121,665	1,066,236,433
Long-term finance	(6,198,456,511)	(7,667,524,740)
Real estate finance	(3,353,294,266)	(902,272,967)
Car loan	511,304,825	120,182,628
Personal loan	(4,900,190)	32,445,417
Loan against deposit	73,045,124	18,950,046
Margin loan to portfolio investors	(721,292,737)	196,675,992
Short term finance	67,716,381	233,975,541
Other assets	(91,253,076)	58,207,684
Term and other deposits	12,768,109,082	1,699,759,537
Net drawdown of short term loan	565,000,000	1,010,000,000
Payable and accrued expenses	(2,473,954,907)	(1,811,116,956)
Deferred liability-employee gratuity	13,536,253	7,641,006
Portfolio investors' fund	183,555,256	17,424,409
Deferred tax liability	471,990	38,459
Interest suspense account	22,695,287	92,284,134
	<u>1,683,404,176</u>	<u>(5,827,093,377)</u>
Net cash flows from/(used in) operating activities	<u>7,448,994,670</u>	<u>(1,197,435,789)</u>
B) Cash flows from investing activities		
Purchase of fixed assets	(187,993,259)	(312,435,792)
Disposal of fixed assets	28,916,411	39,859,711
Net proceeds of investment in securities	(3,574,432,425)	(955,848,206)
Net cash used in investing activities	<u>(3,733,509,273)</u>	<u>(1,228,424,287)</u>
C) Cash flows from financing activities		
Drawdown of term loans	2,786,742,982	6,330,092,954
Repayment of term loans	(4,515,761,089)	(5,361,298,258)
Proceeds from right issue	2,513,671,860	-
Dividend paid	(1,125,587,669)	(624,787,700)
Net cash flow from financing activities	<u>(340,933,915)</u>	<u>344,006,996</u>
D) Net increase/(decrease) in cash and cash equivalents (A+ B + C)	3,374,551,482	(2,081,853,080)
E) Effects of exchange rate changes on cash and cash equivalents	-	-
F) Cash and cash equivalents at beginning of the year	<u>11,353,339,202</u>	<u>13,435,192,282</u>
G) Cash and cash equivalents at end of the year (D+E+F)	<u>14,727,890,684</u>	<u>11,353,339,202</u>
Cash and cash equivalents at end of the year		
Cash in hand (including foreign currencies) (Note-3.1)	385,000	376,000
Balance with Bangladesh Bank and its agent bank(s) (Note-3.2)	1,095,727,369	975,781,535
Balance with other banks and financial institutions (Note-4)	13,631,778,315	10,377,181,667
Money at call and short notice (Note-5)	-	-
	<u>14,727,890,684</u>	<u>11,353,339,202</u>
Net operating cash flow per share (Note-38)	<u>19.76</u>	<u>(3.18)</u>

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

IDLC Finance Limited and its Subsidiaries
Consolidated Statement of Changes in Equity
for the year ended December 31, 2017

<u>Particulars</u>	Attributable to equity holders of the Company							Non-controlling interest Taka	Total equity Taka
	<u>Paid-up capital</u> Taka	<u>Share premium</u> Taka	<u>Statutory reserves</u> Taka	<u>General reserves</u> Taka	<u>Dividend equalisation reserves</u> Taka	<u>Retained earnings</u> Taka	<u>Total</u> Taka		
Balance at January 1, 2017	2,513,671,870	3,750,000	1,782,004,350	1,000,000,000	46,500,000	3,591,910,951	8,937,837,171	2,385	8,937,839,556
Dividend for 2016:									
30% cash dividend	-	-	-	-	-	(1,131,152,342)	(1,131,152,342)	-	(1,131,152,342)
Rights Issue	1,256,835,930	1,256,835,930	-	-	-	-	2,513,671,860	-	2,513,671,860
Changes in accounting policy	-	-	-	-	-	-	-	-	-
Restated balance	3,770,507,800	1,260,585,930	1,782,004,350	1,000,000,000	46,500,000	2,460,758,609	10,320,356,689	2,385	10,320,359,074
Surplus/(deficit) on account of revaluation of properties	-	-	-	-	-	-	-	-	-
Surplus/(deficit) on account of revaluation of investments	-	-	-	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-	-	-	-
Net gain and losses not recognised in the profit and loss accounts	-	-	-	-	-	-	-	-	-
Net profit for the year 2017	-	-	-	-	-	2,277,119,177	2,277,119,177	616	2,277,119,793
Appropriation to reserves	-	-	316,408,021	-	-	(316,408,021)	-	-	-
Balance at December 31, 2017	3,770,507,800	1,260,585,930	2,098,412,371	1,000,000,000	46,500,000	4,421,469,765	12,597,475,866	3,001	12,597,478,867

IDLC Finance Limited and its Subsidiaries
Consolidated Statement of Changes in Equity
for the year ended December 31, 2016

<u>Particulars</u>	Attributable to equity holders of the Company							Non-controlling interest Taka	Total equity Taka
	<u>Paid-up capital</u> Taka	<u>Share premium</u> Taka	<u>Statutory reserves</u> Taka	<u>General reserves</u> Taka	<u>Dividend equalisation reserves</u> Taka	<u>Retained earnings</u> Taka	<u>Total</u> Taka		
Balance at January 1, 2016	2,513,671,870	3,750,000	1,482,722,671	1,000,000,000	46,500,000	2,739,315,501	7,785,960,042	2,165	7,785,962,207
Dividend for 2015:									
25% cash dividend	-	-	-	-	-	(628,417,968)	(628,417,968)	-	(628,417,968)
Changes in accounting policy	-	-	-	-	-	-	-	-	-
Restated balance	2,513,671,870	3,750,000	1,482,722,671	1,000,000,000	46,500,000	2,110,897,533	7,157,542,074	2,165	7,157,544,239
Surplus/(deficit) on account of revaluation of properties	-	-	-	-	-	-	-	-	-
Surplus/(deficit) on account of revaluation of investments	-	-	-	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-	-	-	-
Net gain and losses not recognised in the profit and loss accounts	-	-	-	-	-	-	-	-	-
Net profit for the year 2016	-	-	-	-	-	1,780,295,096	1,780,295,096	220	1,780,295,316
Appropriation to reserves	-	-	299,281,679	-	-	(299,281,679)	-	-	-
Balance at December 31, 2016	2,513,671,870	3,750,000	1,782,004,350	1,000,000,000	46,500,000	3,591,910,951	8,937,837,171	2,385	8,937,839,556

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

IDLC Finance Limited
Balance Sheet as at December 31, 2017

	<u>Note</u>	<u>31.12.2017</u> <u>Taka</u>	<u>31.12.2016</u> <u>Taka</u>
PROPERTY AND ASSETS			
Cash	3		
In hand (including foreign currencies)	3.1	285,000	276,000
Balance with Bangladesh Bank and its agent (including foreign currencies)	3.2	1,095,727,369	975,781,535
		1,096,012,369	976,057,535
Balance with other banks and financial institutions	4		
Inside Bangladesh	4(a)	12,676,746,983	9,179,584,564
Outside Bangladesh	4(b)	-	-
		12,676,746,983	9,179,584,564
Money at call and short notice	5	-	-
Investments	6		
Government		-	-
Others		3,213,212,864	2,748,103,457
		3,213,212,864	2,748,103,457
Loans and advances	7		
Loans, cash credit, overdraft etc.		70,665,633,916	61,135,698,103
Bills purchased and discounted		-	-
		70,665,633,916	61,135,698,103
Fixed assets including land, building, furniture and fixtures	8(c)	597,256,072	606,912,609
Other assets	9	4,362,120,314	1,858,789,208
Non-banking assets		-	-
Total Assets		92,610,982,518	76,505,145,476
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	10	11,230,359,336	12,394,377,442
Deposits and other accounts	11		
Current accounts and other accounts etc.		-	-
Bills payable		-	-
Savings bank deposits		-	-
Term deposits		60,538,332,988	47,563,668,197
Bearer certificate of deposits		-	-
Other deposits		2,238,814,210	1,849,394,133
		62,777,147,198	49,413,062,330
Other liabilities	12	8,034,379,208	7,093,168,554
Total Liabilities		82,041,885,742	68,900,608,326
Capital/Shareholders' equity			
Paid-up capital	13	3,770,507,800	2,513,671,870
Share premium	14	1,260,585,930	3,750,000
Statutory reserves	15	2,098,412,371	1,782,004,350
General reserves	16	1,000,000,000	1,000,000,000
Dividend equalisation reserves		46,500,000	46,500,000
Retained earnings		2,393,090,675	2,258,610,930
Total Equity		10,569,096,776	7,604,537,150
Total Liabilities and Shareholders' equity		92,610,982,518	76,505,145,476

	<u>Note</u>	<u>31.12.2017</u> <u>Taka</u>	<u>31.12.2016</u> <u>Taka</u>
OFF-BALANCE SHEET ITEMS			
Contingent liabilities			
17.1			
Acceptances and endorsements		-	-
Letters of guarantee		91,601,562	199,206,314
Irrevocable letters of credit		-	-
Bills for collection		-	-
Indemnity bond		-	-
Corporate guarantee		750,000,000	750,000,000
		841,601,562	949,206,314
Other commitments			
17.2			
Documentary credits and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Un-drawn note issuance and revolving underwriting facilities		-	-
Un-drawn formal standby facilities, credit lines		-	-
Un-disbursed contracted loans and leases		1,184,170,146	784,630,423
		1,184,170,146	784,630,423
Total Off-Balance Sheet items including contingent liabilities		2,025,771,708	1,733,836,737
Net Assets Value (NAV) per share	37	28.03	20.17

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

Sd/-
Chairman

Sd/-
Director

Sd/-
CEO & Managing Director

Sd/-
Company Secretary

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

Dhaka
14 February, 2018

A Qasem & Co
Chartered Accountants

IDLC Finance Limited
Profit and Loss Account for the year ended December 31, 2017

	Note	<u>2017</u> Taka	<u>2016</u> Taka
Interest income	19	8,706,732,278	8,152,388,213
Interest on deposits and borrowings etc.	20	(4,902,102,651)	(4,624,771,431)
Net interest income		3,804,629,627	3,527,616,782
Investment income	21	516,904,081	323,468,796
Commission, exchange and brokerage	22	42,055,874	75,401,525
Other operating income	23	437,656,645	506,398,528
Total operating income		4,801,246,227	4,432,885,631
Salaries and allowances	24	1,051,989,193	880,378,299
Rent, taxes, insurance, electricity etc.	25	179,080,115	171,261,564
Legal expenses	26	21,562,320	15,320,592
Postage, stamp, telecommunication etc.	27	30,186,959	29,126,790
Stationery, printing, advertisements etc.	28	114,900,212	93,910,849
Managing Director's salary and benefits	29	10,440,000	8,875,000
Directors' fees	30	1,619,200	1,490,400
Auditors' fees	31	1,023,381	690,000
Charges on loan losses		-	-
Depreciation and repair of Company's assets	32	170,014,444	179,115,424
Other expenses	33	353,343,088	298,412,595
Total operating expenses		1,934,158,912	1,678,581,513
Profit before provisions		2,867,087,315	2,754,304,118
Provision for loans and investments	12.6(ii)		
General provision		57,242,047	46,925,871
Specific provision		170,923,913	187,021,074
Provision for diminution in value of investments		-	(60,498,426)
Other provision		-	-
Total provision		228,165,960	173,448,519
Total profit before taxation		2,638,921,355	2,580,855,599
Provision for taxation			
Current tax expense	12.2	1,065,400,300	1,089,706,190
Deferred tax expenses/(income)	9.4	(8,519,052)	(5,258,987)
		1,056,881,248	1,084,447,203
Net profit after taxation		1,582,040,107	1,496,408,396
Appropriations to:			
Statutory reserves		316,408,021	299,281,679
General reserves		-	-
Dividend etc.		-	-
		316,408,021	299,281,679
Retained surplus		1,265,632,086	1,197,126,717
Earnings Per Share (EPS)	36	4.26	4.62

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

Sd/-
Chairman

Sd/-
Director

Sd/-
CEO & Managing Director

Sd/-
Company Secretary

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

IDLC Finance Limited
Cash Flow Statement for the year ended December 31, 2017

	<u>2017</u> <u>Taka</u>	<u>2016</u> <u>Taka</u>
A) Cash flows from operating activities		
Interest received	8,674,735,935	8,053,911,263
Interest paid	(2,150,454,094)	(1,959,633,926)
Dividend received	48,998,371	45,623,873
Fees and commission received	42,055,874	75,401,525
Paid to employees and suppliers	(1,788,319,626)	(1,528,349,385)
Payment of income tax	(838,214,694)	(1,174,622,879)
Received from other operating activities	897,113,940	772,104,787
Cash generated from operating activities before changes in operating assets and liabilities	4,885,915,706	4,284,435,257
Increase/(decrease) in operating assets and liabilities		
Lease receivable	321,121,665	1,066,236,433
Long-term finance	(6,198,456,511)	(7,667,524,740)
Real estate finance	(3,353,294,266)	(902,272,967)
Car loan	511,304,825	120,182,628
Personal loan	(4,900,190)	32,445,417
Loan against deposit	73,045,124	18,950,046
Loan to subsidiaries	(969,549,692)	(28,300,000)
Short term finance	67,716,381	233,975,541
Other assets	(2,452,510,933)	29,074,259
Term and other deposits	13,364,084,868	1,652,697,037
Net drawdown of short term loan	565,000,000	840,000,000
Payable and accrued expenses	(2,285,530,377)	(2,370,086,707)
Interest suspense account	22,695,287	92,284,134
	(339,273,819)	(6,882,338,918)
Net cash flows from/(used in) operating activities	4,546,641,887	(2,597,903,661)
B) Cash flows from investing activities		
Purchase of fixed assets	(151,047,125)	(281,254,291)
Disposal of fixed assets	27,565,812	36,437,904
Increase/(Decrease) in inter-company payables	-	(99,999,990)
Net proceeds of investment in securities	(465,109,407)	22,843,648
Net cash used in investing activities	(588,590,719)	(321,972,729)
C) Cash flows from financing activities		
Drawdown of term loans	2,786,742,982	6,330,092,954
Repayment of term loans	(4,515,761,089)	(5,325,881,376)
Proceeds from right issue	2,513,671,860	-
Dividend paid	(1,125,587,669)	(624,787,700)
Net cash flow from financing activities	(340,933,915)	379,423,878
D) Net increase/(decrease) in cash and cash equivalents (A+ B + C)	3,617,117,254	(2,540,452,511)
E) Effects of exchange rate changes on cash and cash equivalents	-	-
F) Cash and cash equivalents at beginning of the year	10,155,642,099	12,696,094,610
G) Cash and cash equivalents at end of the year (D+E+F)	13,772,759,352	10,155,642,099
Cash and cash equivalents at end of the year		
Cash in hand (including foreign currencies) (Note-3.1)	285,000	276,000
Balance with Bangladesh Bank and its agent bank(s) (Note-3.2)	1,095,727,369	975,781,535
Balance with other banks and financial institutions (Note-4)	12,676,746,983	9,179,584,564
Money at call and short notice (Note-5)	-	-
	13,772,759,352	10,155,642,099
Net operating cash flow per share (Note-38)	12.06	(6.89)

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

IDLC Finance Limited
Statement of Changes in Equity
for the year ended December 31, 2017

<u>Particulars</u>	<u>Paid-up capital</u> Taka	<u>Share premium</u> Taka	<u>Statutory reserves</u> Taka	<u>General reserves</u> Taka	<u>Dividend equalisation reserves</u> Taka	<u>Retained earnings</u> Taka	<u>Total</u> Taka
Balance at January 1, 2017	2,513,671,870	3,750,000	1,782,004,350	1,000,000,000	46,500,000	2,258,610,930	7,604,537,150
Dividend for 2016:							
30% cash dividend	-	-	-	-	-	(1,131,152,342)	(1,131,152,342)
Rights Issue	1,256,835,930	1,256,835,930	-	-	-	-	2,513,671,860
Changes in accounting policy	-	-	-	-	-	-	-
Restated balance	3,770,507,800	1,260,585,930	1,782,004,350	1,000,000,000	46,500,000	1,127,458,589	8,987,056,669
Surplus/(deficit) on account of revaluation of properties	-	-	-	-	-	-	-
Surplus/(deficit) on account of revaluation of investments	-	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-	-
Net gain and losses not recognised in the profit and loss accounts	-	-	-	-	-	-	-
Net profit for the year 2017	-	-	-	-	-	1,582,040,107	1,582,040,107
Appropriation to reserve	-	-	316,408,021	-	-	(316,408,021)	-
Balance at December 31, 2017	3,770,507,800	1,260,585,930	2,098,412,371	1,000,000,000	46,500,000	2,393,090,675	10,569,096,776

IDLC Finance Limited
Statement of Changes in Equity
for the year ended December 31, 2016

<u>Particulars</u>	<u>Paid-up capital</u> Taka	<u>Share premium</u> Taka	<u>Statutory reserves</u> Taka	<u>General reserves</u> Taka	<u>Dividend equalisation reserves</u> Taka	<u>Retained earnings</u> Taka	<u>Total</u> Taka
Balance at January 1, 2016	2,513,671,870	3,750,000	1,482,722,671	1,000,000,000	46,500,000	1,689,902,181	6,736,546,722
Dividend for 2015:							
25% cash dividend	-	-	-	-	-	(628,417,968)	(628,417,968)
Changes in accounting policy	-	-	-	-	-	-	-
Restated balance	2,513,671,870	3,750,000	1,482,722,671	1,000,000,000	46,500,000	1,061,484,213	6,108,128,754
Surplus/(deficit) on account of revaluation of properties	-	-	-	-	-	-	-
Surplus/(deficit) on account of revaluation of investments	-	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-	-
Net gain and losses not recognised in the profit and loss accounts	-	-	-	-	-	-	-
Net profit for the year 2016	-	-	-	-	-	1,496,408,396	1,496,408,396
Appropriation to reserves	-	-	299,281,679	-	-	(299,281,679)	-
Balance at December 31, 2016	2,513,671,870	3,750,000	1,782,004,350	1,000,000,000	46,500,000	2,258,610,930	7,604,537,150

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

IDLC Finance Limited
Liquidity statement
As at December 31, 2017

Particulars	Not more than 1 month term	1-3 months term	3-12 months term	1-5 years term	Above 5 years term	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Assets						
Cash in hand (including balance with Bangladesh Bank)	1,096,012,369	-	-	-	-	1,096,012,369
Balance with other banks and financial institutions	3,836,746,983	7,440,000,000	1,400,000,000	-	-	12,676,746,983
Money at call and short notice	-	-	-	-	-	-
Investments	243,846,286	2,186,752,578	198,250,000	576,500,000	7,864,000	3,213,212,864
Loans & advances	6,370,297,692	4,279,556,642	15,329,541,777	32,330,656,107	12,355,581,698	70,665,633,916
Fixed assets including land, building, furniture and fixtures	11,735,779	23,166,892	100,232,394	268,106,736	194,014,271	597,256,072
Other assets	-	396,011,272	-	-	3,966,109,042	4,362,120,314
Non-banking assets	-	-	-	-	-	-
Total assets	11,558,639,109	14,325,487,384	17,028,024,171	33,175,262,843	16,523,569,011	92,610,982,518
Liabilities						
Borrowing from Bangladesh Bank, other banks and financial institutions & its agents	1,605,519,521	2,135,231,625	2,854,049,599	3,983,406,946	652,151,645	11,230,359,336
Deposits	5,508,634,997	14,553,360,347	11,230,450,195	31,076,471,932	408,229,727	62,777,147,198
Other accounts	-	-	-	-	-	-
Provision and other liabilities	380,634,083	761,268,166	3,838,559,276	1,948,570,620	1,105,347,063	8,034,379,208
Total liabilities	7,494,788,601	17,449,860,138	17,923,059,070	37,008,449,498	2,165,728,435	82,041,885,742
Net Liquidity Gap	4,063,850,508	(3,124,372,754)	(895,034,898)	(3,833,186,655)	14,357,840,576	10,569,096,776

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

IDLC Finance Limited and its Subsidiaries
Notes to the consolidated and separate financial statements
As at and for the year ended December 31, 2017

1. Company and its activities

1.1 Legal status and nature of the Company

IDLC Finance Limited (The Company "IDLC") was incorporated in Bangladesh as a public limited company on May 23, 1985 under the Companies Act, 1913 in its earlier name of Industrial Development Leasing Company of Bangladesh Limited. The Company changed its name in August 2007. The registered office of the company is situated at Bay's Galleria (1st Floor), 57 Gulshan Avenue, Gulshan 1, Dhaka. The Company is registered as a Financial Institution under the Financial Institutions Act, 1993.

The Company went for public issue of its shares in 1993. Its shares are listed in both the Stock Exchanges in Bangladesh.

1.2 Principal activities and nature of operation

When incorporated, the Company started with lease and term financing, as its core businesses. It expanded its activities into 'Short-Term Finance' (factoring of accounts receivable and work order financing) and 'Real Estate Finance' operations in 1997. It also started car loan and personal loan services to individuals in 2004 and 2007, respectively.

1.3 Subsidiary companies

1.3.1 IDLC Securities Limited (IDLC SL)

IDLC Securities Limited, a wholly owned subsidiary company of IDLC Finance Limited, was incorporated on April 19, 2006 as a private limited company under Companies Act, 1994 with authorised share capital of Taka 25 crore. The Company had started its operation from September 2006. The main objective of the Company is to act as a member of stock exchanges to operate the central depository system (CDS) and to carry on the business of brokers, jobbers or dealers in stocks, shares, securities, commodities, commercial papers, bonds, obligations and debentures etc.

1.3.2 IDLC Investments Limited (IDLC IL)

As required by the Bangladesh Securities & Exchange Commission (BSEC), the Company formed a separate subsidiary on May 19, 2010 in the name and style of "IDLC Investments Limited" to transfer its merchant banking activities. As per Securities and Exchange Commission (Merchant Banker and Portfolio Manager) Rules, 1996, the services of issue management, portfolio management, underwriting of shares and securities advisory services fall under the purview of merchant banking operation. The Company obtained license from the Bangladesh Securities and Exchange Commission (BSEC) on August 02, 2011 and commenced its business on August 16, 2011.

1.3.3 IDLC Asset Management Limited (IDLC AML)

IDLC Asset Management Limited (IDLC AML), another wholly owned subsidiary company of IDLC Finance Limited, was incorporated on November 19, 2015 as a private limited company under Companies Act, 1994 with authorised share capital of Taka 25 crore. The registered office of the Company is situated at South Avenue Tower (5th Floor), 7 Gulshan Avenue, Gulshan 1, Dhaka. It is a subsidiary Company of IDLC Finance Limited that holds 99.99% ownership of the company.

The main objective of the Company is to carry out the business of asset management, primarily, through launching and managing mutual funds to cater diverse needs of investors. Beside institutional fund management IDLC AML also aims to facilitate alternative investments in terms of private equity and venture capital.

2. Basis of preparation and significant accounting policies

2.1 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 (IFRS) as adopted in Bangladesh by the Institute of Chartered Accountants of Bangladesh as Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), except the circumstances where local regulations differ, and the Companies Act, 1994, the Financial Institutions Act, 1993, Securities and Exchange Rules 1987, the Listing Regulations of Dhaka & Chittagong Stock Exchanges 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 December 23, 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 BFRS that have been departed to comply with Bangladesh Bank requirements have been disclosed in detail in **Note-2.3**.

However, this departure with BFRS has been made by following all of the relevant provisions of BAS-1 and the details disclosures are given in **Note-2.3** by following the provision of Para 20 of BAS-1 (Presentation of Financial Statements).

2.2 Basis of measurement

This financial statements have been prepared based on Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs) and no adjustment has been made for inflationary factors affecting the financial statements. The accounting policies, unless otherwise stated, have been consistently applied by the Company and are consistent with those of the previous year.

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

Bangladesh Bank (the local Central Bank) is the prime regulatory body for Non-Banking Financial Institutions (NBFI) in Bangladesh. Some requirements of Bangladesh Bank's rules and regulations contradict with those of financial instruments and general provision standards of BAS and BFRS. As such the company has departed from those contradictory requirements of BFRS in order to comply with the rules and regulations of Bangladesh Bank, which are disclosed below along with financial impact where applicable:

SL.	Nature of Departure	Title of BFRS	Treatment of BFRS	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)	BAS 39 "Financial Instruments: Recognition and Measurement"	<p>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.</p> <p>If any such evidence exists, the entity shall measure the amount of the loss as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset shall be reduced either directly or through use of an allowance account.</p>	<p>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.</p> <p>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.</p>	<p>In separate Financial Statements, an amount of Taka 228.17 million has been charged as incremental provision for leases, loans and advances, which includes Taka 57.24 million as general provision on good loan for the year 2017. Also, as at 31 December 2017, accumulated provision for leases, loans and advances stand at Taka 1,105.35 million.</p> <p>In consolidated Financial Statements, the same amount is Taka 232.81 million which includes general provision of Taka 61.88 Also, as at 31 December 2017, accumulated provision for leases, loans and advances stand at Taka 1,145.27 million.</p>
2	Valuation of Investments in quoted and unquoted shares	BAS 39 "Financial Instruments: Recognition and Measurement"	<p>Investment in shares falls either under "at fair value through statement of comprehensive income" or under "available for sale" where any change in the fair value (as measured as per BFRS 13 "Fair Value") at the year-end is taken to statement of comprehensive income or revaluation reserve respectively.</p>	<p>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.</p>	<p>During this year there is no impact in the financial statements due to this departure as total market value of all shares of the group are more than the cost price.</p>

SL.	Nature of Departure	Title of BFRS	Treatment of BFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
3	Recognition of interest income for SMA and classified lease, loans and advances	BAS 39 "Financial Instruments: Recognition and Measurement"	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.	At the year end, in separate Financial Statements interest suspense account has increased to Taka 396.05 million from Taka 373.36 million resulting increase of Taka 22.69 million of interest suspense. This amount has been shown in other liabilities in note 12.5
4	Presentation of cash and cash equivalent	BAS 7 "Statement of Cash Flows"	<p>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.</p> <p>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.</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 provided detail presentation for statement of cash flows.</p>	Financial Statements for 2017 and corresponding year 2016 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank.
5	Measurement of deferred tax asset	BAS 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	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

SL.	Nature of Departure	Title of BFRS	Treatment of BFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
			which the deductible temporary difference can be utilized.		difference against leases, loans and advances.
6	Presentation and disclosure of Financial Statements and Financial Instruments	<p>BAS 1 "Presentation of Financial Statements"</p> <p>BAS 32 "Financial Instruments: Presentation"</p> <p>BFRS 7 "Financial Instruments: Disclosure"</p>	<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>BAS 1 requires separate line item for intangible assets on the face of statement of financial position.</p> <p>BAS 32 and BFRS 7 require 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 BAS 39. As such some disclosure and presentation requirements of BFRS 7 and BAS 32 have not been made in the accounts.</p>	Financial Statements for 2017 and corresponding year 2016 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank.
7	Preparation of "Statement of Cash Flows"	BAS 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	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 2017 and corresponding year 2016 have been prepared as per guideline (DFIM

SL.	Nature of Departure	Title of BFRS	Treatment of BFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
			appropriate for the business or industry. The method selected is applied consistently.		Circular No. 11 dated 23 December 2009) of Bangladesh Bank.
8	Current/Non-current distinction	BAS-1 "Presentation of Financial Statement"	As per Para 60 of BAS-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 2017 and corresponding year 2016 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	BAS 1 "Presentation of Financial Statements"	There is no concept of off-balance sheet items in any BFRS; 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 2017 and corresponding year 2016 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 but there is a disclosure in the financial statements
10	Impairment of Margin Loan (Loans and receivables)	BAS-39 "Financial instruments: Recognition and measurement"	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 full provision for unrealized loss (if any) of margin loan in the portfolio.

11	Complete set of financial statements	BAS 1 "Presentation of Financial Statements"	As per BAS 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 2017 and corresponding year 2016 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	BAS 1 "Presentation of Financial Statements"	As per BAS 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. 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 2017 and corresponding year 2016 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	BAS 1 "Presentation of Financial Statements"	As per BAS 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	Financial Statements for 2017 and corresponding year 2016 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.

				<p>elements of OCI allowed to be included in a single OCI statement.</p> <p>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.</p>	
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.	<p>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</p>	<p>Financial Statements for 2017 and corresponding year 2016 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank.</p> <p>There is no financial impact for this departure in the financial statements.</p>

2.4 Components of the financial statements

The financial statements comprise of (As per DFIM Circular No. 11, Dated December 23, 2009):

- a) Consolidated and Separate Balance Sheet as at December 31, 2017;
- b) Consolidated and Separate Profit and Loss Account for the year ended December 31, 2017;
- c) Consolidated and Separate Statement of Cash Flows for the year ended December 31, 2017;
- d) Consolidated and Separate Statement of Changes in Equity for the year ended December 31, 2017;
- e) Liquidity Statement for the year ended December 31, 2017;
- f) Notes to the Consolidated and Separate Financial Statements for the year ended December 31, 2017.

2.5 Directors' responsibility statement

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

2.6 Date of authorisation

The Board of directors has authorised this financial statements for public issue on 14th February, 2018.

2.7 Presentation and functional currency and level of precision

The financial statements are presented in Bangladesh Taka (BDT) currency, which is the Company's functional currency. All financial information presented in Taka has been rounded off to the nearest Taka.

2.8 Use of estimates and judgments

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

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

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

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

However, the estimates and underlying assumptions are reviewed on an ongoing basis and the revision is recognised in the period in which the estimates are revised. In accordance with the guidelines as prescribed by BAS 37: "Provisions, Contingent Liabilities and Contingent Assets", provisions are recognized in the following situations:

Provisions

Provisions are liabilities that are uncertain in timing or amount. Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Contingent Liability :

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.

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.

2.9 Basis of consolidation of operations of subsidiaries

The financial statements of the Company and its subsidiaries, as mentioned in note No. 1.3.1, 1.3.2 and 1.3.3 have been consolidated in accordance with Bangladesh Financial Reporting Standard (BFRS) 10 "Consolidated Financial Statements". The consolidation of the financial statement has been made after eliminating all material inter company balances, income and expenses arising from inter company transactions.

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 non-controlling shareholders being deducted as 'Non-controlling Interest'.

All assets and liabilities of the Company and of its subsidiaries are shown in the consolidated balance sheet. The interest of non-controlling shareholders of the subsidiary are shown separately in the consolidated balance sheet under the heading 'Non-controlling Interest'.

2.10 Branch accounting

The Company has twenty nine branches and one SME booth, with no overseas branch as on December 31, 2017. Accounts of the branches are maintained at the head office from which these accounts are drawn up.

2.11 Accounting for leases**As Lessor**

As per Bangladesh Accounting Standard (BAS) 17: "Leases", all leases are treated as finance lease since assets leased under agreements are transferred substantially to customers with all the risks and rewards associated with ownership, other than legal title and all leases are full payout leases.

In accordance with the said standard, the aggregate lease receivables including un-guaranteed residual value throughout the primary lease term are reported as gross lease receivables while the excess of gross lease receivables over the total acquisition cost including interest during the period of acquiring the lease assets constitutes the unearned lease income. The balance of the unearned lease income is amortised to revenue on a monthly basis over the primary lease term yielding a constant rate of return over the period.

At present, the company does not have any operating lease arrangement with any lessee.

As Lessee

All assets are recognized as fixed assets including land, building, furniture and fixture against their obligation as liability. Lease payments of finance lease are included two components, mainly finance charge and redemption of principal payment (obligation under finance lease).

2.12 Accounting for term finance & other finances

Books of accounts for term finance operation are maintained based on the accrual method of accounting. Outstanding loans, along with the accrued interest thereon, for short-term finance, and unrealised principal for long-term finance, real estate finance, car loans and other finances are accounted for as term finance assets of the Company. Interest earnings are recognised as operational revenue periodically.

2.13 Accounting for Margin Loan

Margin Loan to Portfolio investors is given at an agreed ratio (not more than the ratio prescribed by BSEC) between investors deposit and loan amount to purchase securities against respective investor account. The new investor are to maintain the margin as per set rules and regulations. The margin is monitored on daily basis as it changes due to changes in market price of share. If the margin falls below the minimum requirement, the investors are required to deposit additional fund to maintain the margin as per rules otherwise the securities are sold to bring the margin to the required level.

2.14 Investment in securities

Investment in marketable ordinary shares has been shown at cost or market price, whichever is lower, on an aggregate portfolio basis. Investment in non-marketable shares has been valued at cost or intrinsic value whichever is lower. Full provision for diminution in value of shares as on closing of the year on an aggregate portfolio basis is made in the financial statements as required by Bangladesh Bank DFIM circular No. 02 dated January 31, 2012.

2.15 Property and equipment

i) Recognition and measurement

Own assets

Items of own fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the assets to its working condition for its intended use as per Bangladesh Accounting Standard (BAS) 16: "Property, Plant and Equipment".

Leasehold assets

Leasehold assets of which the company assumes substantially all the risks and rewards of ownership are accounted for as finance leases and capitalised at the inception of the lease at fair value of the leased property or at the present value of the minimum lease payments, whichever is lower as per Bangladesh Accounting Standard (BAS) 17: "Leases". The corresponding obligation under the lease is accounted for as liability.

ii) Subsequent expenditure on Fixed assets

Subsequent expenditure is capitalised only when it increases the future economic benefit from the assets and that cost can be measured reliably. All other expenditures are recognised as an expense as and when they are incurred.

iii) Depreciation

Depreciation is charged to amortise the cost of assets, over their estimated useful lives, using the straight-line method in accordance with BAS-16: "Property, Plant and Equipment". Full depreciation is charged on additions irrespective of date when the related assets are put into use and no depreciation is charged from the month of disposal. Asset category wise depreciation rates are as follows:

<u>Particulars of Property, Plant & Equipment</u>	<u>Rates</u>
Furniture and fixtures	12.50%
Building	2.50%
Electrical equipment	20.00%
Curtain and carpets	33.33%
Office equipment	20.00%

Office decoration	20.00%
Telephone and telex	33.33%
Motor vehicles	25.00%
Leasehold motor vehicles	25.00%
Computers	20.00%
Software (Office Operation)	33.33%
Software (Business Operation)	20.00%

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 asset and is recognised in the profit and loss account.

Depreciation methods, useful lives and residual values, if any are reviewed at the balance sheet date.

2.16 Intangible assets and amortisation of intangible assets

Recognition & Measurement

Intangible assets comprise the value of computer software. Intangible assets acquired separately are measured on initial recognition at cost and are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Amortisation

Amortisation is calculated using the straight line method to write down the cost of intangible assets to their residual values over their estimated useful lives based on the management best estimates of 3 or 5 years.

Subsequent expenditure

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits in the specifications to which it relates. All other expenditure is expensed as incurred.

2.17 Revenue recognition

Revenue is recognized only when it is measurable and probable that the economic benefits associated with the transaction will follow to the company and in accordance with Bangladesh Accounting Standard (BAS) 18: "Revenue" unless otherwise mentioned or otherwise guided by the separate BAS/BFRS.

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

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 installment 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.

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 are 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.

Portfolio management fee

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

Dividend income

Dividend is recognised as income when the right to receive income is established.

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.

2.18 Interest suspense account

Lease income earned, interest on term finance (car loans, personal loans) overdue beyond three months period and interest on real estate finance overdue beyond nine months period and interest on short term finance overdue beyond permitted credit term plus ninety days period are not recognised as revenue and credited to interest suspense account.

2.19 Accounts receivable

Accounts receivable at the balance sheet date is stated at amounts which are considered realisable. Specific allowance is made for receivable considered to be doubtful for recovery.

2.20 Securitization

Securitization of various leases/loans result in sale of these assets to Special Purpose Vehicles ('SPVs'), which, in turn issue securities to investors. Financial assets are partially or wholly derecognised when the control of the contractual rights in the securitized assets is lost.

2.21 Borrowing cost

Borrowing costs are recognised as expense in the year in which they are incurred unless capitalisation is permitted under Bangladesh Accounting Standard (BAS) 23: "Borrowing Costs".

2.22 Cash flow statements

The cash flow statement is prepared using the direct method as stipulated in Bangladesh Accounting Standard (BAS) 7: "Cash Flow Statements", and in accordance with the instruction of Bangladesh Bank.

2.23 Conversion of foreign currency transactions

Foreign currency transactions are translated into Taka at rates prevailing at the respective dates of transactions, while foreign currency monetary assets at the end of the year are reported at the rates prevailing on the balance sheet date. Exchange gains or losses arising out of the said conversions are recognised as income or expense for the year after netting off.

2.24 Provision for doubtful accounts and future losses

Provision has been made at estimated rates on outstanding exposures, based on aging and continuous review of the receivables, as per the Bangladesh Bank Provisioning policy. A general provision has been made by the company to cover unforeseen losses on all leases, loans and investments excluding those for which a specific provision has been made. The provision is considered adequate to meet any probable future losses.

2.25 Write-off

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

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

2.26 Employees' benefit obligation

2.26.1 Defined contribution plan

The Company operates a contributory provident fund scheme for its permanent employees. Provident fund is administered by a Board of Trustees and is funded by equal contributions both by the employees and the Company at a predetermined rate. The contributions are invested separately from the Company's asset.

2.26.2 Defined benefit plan

The Company also operates a funded gratuity scheme (which is a defined benefit scheme as specified in BAS 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 gratuity is calculated on the last basic pay and is payable at the rate of one month's basic pay for every completed year of service up to ten years of service, one and half months basic pay for every completed year of service up to fifteen years of service and two months basic pay for more than fifteen years of service. The company is contributing to the fund as prescribed by actuarial valuation report.

2.26.3 Other employees benefit obligation

The Company operates a group life insurance scheme for its permanent employees.

The Company also has real estate loan for its permanent employees. Employees are entitled to real estate loan after completion of minimum five years of services with the Company.

2.27 Taxation

Tax expense comprises current and deferred tax.

2.27.1 Deferred tax

The Company accounts for deferred tax as per Bangladesh Accounting Standard (BAS) 12: "Income Taxes". Deferred tax is provided using the balance sheet method for all temporary timing differences arising between the tax base of assets and liabilities and their carrying value for financial reporting purposes. Tax rate prevailing at the balance sheet date is used to determine deferred tax.

Deferred tax normally results in a liability being recognized within the Statement of Financial Position. BAS 12 defines a deferred tax liability as being the amount of income tax payable in future periods. Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method.

2.27.2 Current tax

Provision for current tax is made on the basis of the profit for the year as adjusted for taxation purpose in accordance with the provision of Income Tax Ordinance, 1984 and amendments made thereto from time to time.

2.28 Impairment of long-lived assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the book value of the assets may not be recovered. Accordingly, the Company estimates the recoverable amount of the assets. Impairment losses, if any, is recognised in the profit and loss account when the estimated recoverable amount of an asset is less than its carrying amount.

2.29 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at bank, term deposits and investment in call loan that are readily convertible to a known amount of cash (with less than three months maturity) and that are subject to an insignificant risk of change in value.

2.30 Bank loans

Bank loans are recorded at the proceeds received. Interest on bank loans is accounted for on accrual basis and charged to profit and loss account.

2.31 Earnings Per Share (EPS)

The Company calculates earnings per share in accordance with Bangladesh Accounting Standards (BAS) 33: "Earnings Per Share" which has been shown in the face of the Profit and Loss Account and the computation is stated in note 36.

2.32 Related party disclosure

As per Bangladesh Accounting Standards (BAS) 24: "Related Party Disclosures", parties are considered to be related if one of the party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Company carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with its related parties. Related party disclosures have been given in note 39.

2.33 Statutory reserves

As per Financial Institutions Regulation 1994, every Non Banking Financial Institution (NBFI) is required to transfer at least 20% of its current year's profit to the fund until such reserve fund equals to its paid up share capital and share premium (if any). In conformity with the above requirement, IDLC transfers 20% of net profit to statutory reserve before declaration of dividend.

2.34 Determination and presentation of operating segment

After incorporation, the company started with lease and loan as its core financing business. By times, it diversified its business into investment banking business, brokerage business and asset management business. The company has decided its various operating segment considering nature of segmental business. Thus four operating segments of the Group are reported and presented. Profit and loss account of above operations and other operation have been prepared in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), and results of its operation has been combined, item by item, with the financial results of the Company.

Compliance with Bangladesh Financial Reporting Standard

As on January 01, 2010, the Company determines and presents operating segments based on information that is internally provided to the Company's Management Committee (ManCom), which is the Company's Chief Operating Decision Maker (CODM). This is due to the adoption of the Bangladesh Financial Reporting Standard (BFRS) 8 " Operating Segments". Since the adoption of this BFRS only affects presentation and disclosure aspects, there is no impact on the earnings per share.

An operating segment is a component of the Company that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with the Company's other components, whose operating results are regularly reviewed by the Company's ManCom to make decisions about resources allocated to the segments and assess its performance and for which discrete financial information is available.

For the separate financial statements, the Company has determined one reportable segments such as core financing business and for the consolidated financial statements, the subsidiaries of the Company have been determined to be a separate reportable segment in addition to the other segments. Thereafter, for the separate financial statements, the Company has one reportable segment which is core financing business and for the consolidated financial statements, the subsidiaries of the Company (IDLC Securities Limited, IDLC Investments Limited and IDLC Asset Management Limited) have been determined to be three separate reportable segments in addition to the core financing business.

Information about operating segment has been presented in note 34.

2.35 Proposed dividend

Proposed dividend has not been recognised as a liability in the balance sheet in accordance with Bangladesh Accounting Standards (BAS) 10: "Events After the Reporting Period".

2.36 Events after the balance sheet date

All material events occurring after the balance sheet date has been considered and where necessary, adjusted for or disclosed in note 44.

2.37 Contingent liabilities and contingent assets

The Company does not recognize contingent liability and contingent asset but discloses the existence of contingent liability in the financial statements.

A contingent liability is a probable obligation that arises from past events whose existence will be confirmed by occurrence or non-occurrence of uncertain future events not within the control of the Company or a present obligation that is not recognized because outflow of resources is not likely or obligation cannot be measured reliably.

A contingent asset is a 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 entity.

2.38 Minority interest in subsidiaries

A minority interest, which is also referred to as noncontrolling interest (NCI), is ownership of less than 50% of a company's equity by an investor or another company. For accounting purposes, minority interest is a fractional share of a company amounting to less than 50% of the voting shares. Minority interest shows up as a noncurrent liability on the balance sheet of companies with a majority interest in a company, representing the proportion of its subsidiaries owned by minority shareholders. Also, minority interest is reported on the consolidated income statement as a share of profit belonging to minority shareholders.

2.39 Liquidity statement

The liquidity statement has been prepared in accordance with remaining maturity grouping of Assets and Liabilities as of the close of the year as per following bases:

- a) Balances with other bank and financial institutions are on the basis of their maturity term.
- b) Investments are on the basis of their expected liquidation & residual maturity term.
- c) Loans, advances and leases are on the basis of their repayment/maturity schedule
- d) Fixed assets are on the basis of their useful lives.
- e) Other assets are on the basis of their adjustment terms.
- f) Borrowings from other banks and financial institutions as per their maturity/repayment terms.
- g) Deposits and other accounts are on the basis of their maturity term and behavioral past trends.
- h) Other long term liabilities are on the basis of their maturity terms.
- i) Other liabilities are on the basis of their settlement terms.

2.40 Status of compliance of Bangladesh Accounting Standards and Bangladesh Financial Reporting Standards

In addition to compliance with local regulatory requirements, in preparing the Consolidated Financial Statements and Separate Financial Statements, IDLC applied following BAS and BFRS:

Name of the BAS	BAS 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
Construction Contracts	11	N/A
Income Taxes	12	Applied
Property, Plant and Equipment	16	Applied
Leases	17	Applied
Revenue	18	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
Financial Instruments: Presentation	32	Applied *
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
Financial Instruments: Recognition and Measurement	39	Applied *
Investment Property	40	N/A
Agriculture	41	N/A

Name of the BFRS	BFRS 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
Consolidated Financial Statements	10	Applied
Joint Arrangement	11	N/A
Disclosure of Interest in Other Entities	12	N/A
Fair Value Measurement	13	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 (please see note 2.3).

2.41 BASEL II & its implementation

To cope with the international best practices and to make the capital more risks sensitive as well as more shock resilient, guidelines on 'Basel Accord for Financial Institutions (BAFI)' have been introduced from January 01, 2011 on test basis by the Bangladesh Bank. At the end of test run period, Basel Accord regime has started and the guidelines namely "Prudential Guidelines on Capital Adequacy and Market Discipline for Financial Institutions (CAMD)" have come fully into force from January 01, 2012 with its subsequent supplements/revisions. Instructions regarding Minimum Capital Requirement (MCR), Adequate Capital, and Disclosure requirement as stated in these guidelines have to be followed by all FIs for the purpose of statutory compliance. As per CAMD guidelines, Financial Institutions should maintain a Capital Adequacy Ratio (CAR) of minimum 10%. In line with CAMD guideline's requirement, IDLC has already formed BASEL Implementation Unit (BIU) to ensure timely implementation of BASEL II accord.

2.42 Financial risk management

IDLC 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 anti money laundering. In addition to the industry best practices for assessing, identifying and measuring risks, IDLC also considers guidelines for managing core risks of financial instructions issued by the Country's Central Bank, Bangladesh Bank, vide FID Circular No. 10 dated September 18, 2005 for management of risks and, more recently, DFIM Circular No. 03 dated January 24, 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 Evaluation Committee (CEC) regularly meets to review the market and credit risk related to lending and recommend and implement appropriate measures to counter associated risks. The CEC critically reviews projects from risk point of view. An independent Credit Risk Management Department is in place, at IDLC, 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. IDLC 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 IDLC, to address operational risks. IDLC has also established an internal control & compliance department (ICCD) 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 ICCD is to exercise constant vigilance against leakage erosion of Shareholders' value by identifying, assessing, measuring, managing and transferring operational risk resulting from inadequate or failed internal processes, people and systems or from external events.

Money Laundering and Terrorist Financing Risk

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

- a) Business risk i.e. the risk that IDLC may be used for money laundering or terrorism financing and
- b) Regulatory risk i.e. the risk that IDLC fails to meet regulatory obligations under the Money Laundering Prevention Act 2012 and Anti-Terrorism Act 2009 (amended in 2013).

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

- a) Development and implementation of internal policies, procedures and controls to identify and report instances of money laundering and terrorism financing;
- b) Creation of structure and sub-structure within the organisation, headed by a Central Compliance Unit (CCU), for 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 function including internal and external audit function to test the programs;
- e) Ongoing employee training programs.

Additional risks required to be addressed under new regulatory requirements

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

The new 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.

IDLC 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 IDLC 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 the 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, IDLC 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 IDLC code of conduct (which requires compliance with the law & regulations) to repeat 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. With the introduction of the Integrated Risk Management Guidelines, the overall management of compliance risk will be reviewed and appropriate changes, to ensure conformity with the guidelines, implemented.

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.

IDLC 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

IDLC is also focusing on 'mother planet and its sustainability', shifting from the traditional financing approach. In this regard, the company is making its credit appraisal process to be much more stringent from an Environment and Social (E&S) perspective – evaluating all the environmental and social factors such as project impacts on the environment and the community in the long run, prior to approving a loan. Being the only listed member of UNEP FI, we have been following Environmental Risk Management guideline 2011 by Bangladesh Bank. Taking this approach one step further, IDLC is in the process of adopting an extensive Environmental and Social Management System (ESMS) across the organization with assistance from FMO, a Dutch development bank, and FI Konsult, IDLC's appointed consultant for this project. The overall goal of this project is to help IDLC identify customers with potentially high environmental and social risks; enable them to evaluate the E&S performance of such customers through its due diligence and credit appraisal process; and make those customers, especially those who are not complying with local E&S regulations, behave more responsibly through the use of environmental or social covenants in the facility agreements. This project will not only satisfy the Central Bank's requirements, but also enable IDLC to comply with internationally acceptable risk management standards. Furthermore, execution of green banking policy which is in line with IFC Performance Standard, ADB Safeguard Policy and Bangladesh Bank guideline is considered as another milestone towards sustainability.

2.43 Custodial Service

IDLC Finance Limited is a registered Security Custodian vide registration license no SC-06/2007 dated May 24, 2007 issued by Bangladesh Securities and Exchange Commission. To facilitate this service IDLC Finance Limited has also obtained Custody Depository participant License vide registration license no. BSEC/Registration/ CDBL-DP-414, dated December 17, 2014 issued by Bangladesh Securities and Exchange Commission. The major responsibilities of the Security Custodian are as follows:

- Custody of client's securities;
- Collection, book keeping and communication of gain, income, profit, stake on behalf of clients;
- Collection, communication, dissemination and book keeping of any declaration, published or publicly available information, statement etc. of securities issuer;
- Administer client's security and account.

IDLC Finance Limited as a Security Custodian confirms that proper internal audit and evaluation process are in place to ensure the following:

- Secure and appropriate custodial service;
- No unwarranted change in the assets, records, agreements etc. occur;
- Each client receives his/her due dividends, bonus share, right share, interest, principal etc. in a timely manner;
- Prevent loss, theft, damage due to natural calamity.

As on December 31, 2017, IDLC Finance Limited is the custodian of 240,980,665 ordinary shares of RAK Ceramic (Bangladesh) Limited held by RAK Ceramics, PSC, UAE and 7 individual sponsor shareholders. IDLC Finance Limited has entered into an agreement during 2014 with RAK Ceramics PSC, UAE regarding providing security custodian service.

IDLC Finance Limited is also providing security custodian service for 8,477,970 ordinary shares of Aamra Networks Limited held by Augere Holdings (Netherlands) B.V. In 2017, another agreement was entered with SEAF Bangladesh Ventures LLC for providing custodian service for 1,285,832 ordinary shares of ADN Telecom Limited.

	IDLC Finance Limited		IDLC Group	
	31.12.2017 Taka	31.12.2016 Taka	31.12.2017 Taka	31.12.2016 Taka
3 Cash				
3.1 Cash in hand (including foreign currencies):				
In local currency	285,000	276,000	385,000	376,000
In foreign currency	-	-	-	-
	<u>285,000</u>	<u>276,000</u>	<u>385,000</u>	<u>376,000</u>
3.2 Balance with Bangladesh Bank and its agent (including foreign currencies)				
In local currency	1,095,727,369	975,781,535	1,095,727,369	975,781,535
In foreign currency	-	-	-	-
	<u>1,095,727,369</u>	<u>975,781,535</u>	<u>1,095,727,369</u>	<u>975,781,535</u>
	<u>1,096,012,369</u>	<u>976,057,535</u>	<u>1,096,112,369</u>	<u>976,157,535</u>

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

Cash Reserve Requirement and Statutory Liquidity Reserve have been calculated and maintained in accordance with Financial Institution Act, 1993 & Financial Institution Regulations, 1994, FID Circular No. 06 dated November 06, 2003, FID Circular No. 02 dated November 10, 2004 and DFIM Circular Letter No. 01 dated January 12, 2017

Cash Reserve Requirement (CRR) has been calculated at the rate of 2.5% on Total Term Deposits which is preserved in current account maintained with Bangladesh Bank. 'Total Term Deposit' means Term or Fixed Deposit, Security Deposit against Lease/Loan and other Term Deposits, received from individuals and institutions (except Banks & Financial Institutions)

Statutory Liquidity Reserve (SLR) has been calculated at the rate of 5.0% on total liabilities, including CRR of 2.5% on Total Term Deposit. SLR is maintained in liquid assets in the form of cash in hand (notes & coin in Taka), balance with Bangladesh Bank and other Banks and Financial Institutions, unencumbered treasury bill, bond and any other assets approved by Government gazette or by Bangladesh Bank.

a) Cash Reserve Requirement				
Required reserve	1,089,008,878	938,346,684	1,089,008,878	938,346,684
Actual reserve maintained	1,100,802,430	966,423,302	1,100,802,430	966,423,302
Surplus/ (deficit)	<u>11,793,552</u>	<u>28,076,617</u>	<u>11,793,552</u>	<u>28,076,617</u>
b) Statutory Liquidity Reserves				
Required reserve (including CRR)	3,031,445,013	2,555,331,956	3,031,445,013	2,555,331,956
Actual reserve maintained (including CRR) (note 3.3.1)	3,064,750,283	2,565,429,479	3,064,750,283	2,565,429,479
Surplus/ (deficit)	<u>33,305,270</u>	<u>10,097,522</u>	<u>33,305,270</u>	<u>10,097,522</u>
Total required reserves	3,031,445,013	2,555,331,956	3,031,445,013	2,555,331,956
Actual reserve held	3,064,750,283	2,565,429,479	3,064,750,283	2,565,429,479
Total surplus	<u>33,305,270</u>	<u>10,097,522</u>	<u>33,305,270</u>	<u>10,097,522</u>

3.3.1 Actual reserve maintained (including CRR)

The City Bank Limited	250,991	40,152,349	250,991	40,152,349
Standard Chartered Bank	-	41,161,313	-	41,161,313
Citibank N.A.	30,162,037	26,889,233	30,162,037	26,889,233
Bangladesh Bank	1,084,337,255	807,226,584	1,084,337,255	807,226,584
Social Islami Bank Limited	800,000,000	-	800,000,000	-
Meridian Finance & Investment Limited	200,000,000	-	200,000,000	-
NRB Commercial Bank Limited	-	250,000,000	-	250,000,000
South Bangla Agriculture & Commerce Bank Limited	-	200,000,000	-	200,000,000
EXIM Bank Limited	-	500,000,000	-	500,000,000
Jamuna Bank Limited	450,000,000	-	450,000,000	-
Union Bank Limited	500,000,000	700,000,000	500,000,000	700,000,000
	<u>3,064,750,283</u>	<u>2,565,429,479</u>	<u>3,064,750,283</u>	<u>2,565,429,479</u>

	IDLC Finance Limited		IDLC Group	
	31.12.2017 Taka	31.12.2016 Taka	31.12.2017 Taka	31.12.2016 Taka
4 Balance with other banks and financial institutions in Bangladesh				
4(a) Inside Bangladesh:				
Current deposits in local currency				
Woori Bank limited	15,927	21,767	15,927	21,767
Bank Al- Falah Limited	5,430	7,680	5,430	7,680
One Bank Limited	-	-	8,645,318	2,077,802
Jamuna Bank Limited	8,390	-	8,390	-
The City Bank Limited	38,884,706	3,971,939	38,884,706	3,971,939
National Bank Limited	3,949,086	108,138	3,949,086	108,138
Bank Asia Limited	13,098,902	3,120,544	13,098,902	3,120,544
State Bank of India	4,700,049	3,548,875	4,700,049	3,548,875
Commercial Bank of Ceylon PLC	3,586,580	20,768,572	3,925,605	23,032,520
Citibank N.A	134,980,349	14,945,104	134,980,349	14,945,104
Standard Chartered Bank	(1,084,422,501)	(378,313,189)	(733,627,887)	(100,242,843)
Mutual Trust Bank Limited	170,695,065	7,225,046	170,695,065	7,225,046
Exim Bank Limited	5,980,591	3,730,856	5,980,591	3,730,856
Dutch Bangla Bank Limited	32,387,903	12,830,525	32,387,903	12,830,525
BRAC Bank Limited	1,275,452	20,598,531	15,082,664	21,664,898
Dhaka Bank Limited	14,570,753	3,917,819	14,570,753	3,917,819
NRB Bank Limited	-	-	3,048,006	73,215,292
Mercantile Bank Limited	2,290,910	6,170	2,290,910	6,170
IDLC Investments Limited	9,586,771	48,022,700	-	-
	(648,405,637)	(235,488,923)	(281,358,233)	73,182,132
Short-term deposit accounts				
Prime Bank Limited	7,989,445	85,500	7,989,445	85,500
Dutch Bangla Bank Limited	-	-	3,472,106	2,342,067
The City Bank Limited	(34,098)	1,873,464	(34,098)	1,873,464
BRAC Bank Limited	-	-	38,049,436	92,607,474
Southeast Bank Limited	9,769,680	4,406,862	9,769,680	4,406,862
Citibank N.A.	90,303,317	112,242	90,303,317	112,242
Standard Chartered Bank	923,270,021	429,927	923,803,070	655,201
Commercial Bank of Cylon	3,850,090	8,135,203	34,602,618	42,348,279
One Bank Limited	-	-	42,405,043	468,262,641
NCC Bank Limited	-	-	445,409,692	-
Eastern Bank Limited	-	-	777,653	772,339
NRB Bank Limited	4,165	30,289	88,586	30,289
	1,035,152,620	15,073,487	1,596,636,548	613,496,358
Fixed Deposits				
Al-Arafa Islami Bank Limited	700,000,000	300,000,000	700,000,000	300,000,000
LankaBangla Finance Limited	-	-	-	50,862,500
AB Bank Limited	-	150,000,000	-	150,000,000
Meghna Bank Limited	750,000,000	-	750,000,000	-
NRB BANK Limited	-	500,000,000	-	500,000,000
NRB Commercial Bank Limited	-	1,250,000,000	-	1,250,000,000
South Bangla Agriculture & Commerce Bank Limited	-	200,000,000	-	200,000,000
Union Bank Limited	1,100,000,000	1,800,000,000	1,100,000,000	1,800,000,000
ONE Bank Limited	2,000,000,000	-	2,000,000,000	-
Meghna Bank Limited	-	1,000,000,000	-	1,000,000,000
Jamuna Bank Limited	1,450,000,000	-	1,450,000,000	-
The Farmers Bank Limited	-	-	-	162,962,177
Social Islami Bank Limited	-	900,000,000	-	900,000,000
Mercantile Bank Limited	500,000,000	-	500,000,000	-
The City Bank Limited	1,290,000,000	-	1,290,000,000	-
Dhaka Bank Limited	2,000,000,000	500,000,000	2,000,000,000	500,000,000
NRB Global Bank Limited	450,000,000	-	450,000,000	-
Standard Bank Limited	450,000,000	1,200,000,000	450,000,000	1,200,000,000
Export Import Bank of Bangladesh Limited	-	1,400,000,000	-	1,400,000,000
Meridian Finance & Investment Limited	200,000,000	200,000,000	200,000,000	200,000,000
Social Islami Bank Limited	1,400,000,000	-	1,400,000,000	-
Trust Bank Limited	-	-	2,500,000	2,678,500
Standard Chartered Bank	-	-	24,000,000	24,000,000
Phoenix Finance and Investments Limited	-	-	-	50,000,000
	12,290,000,000	9,400,000,000	12,316,500,000	9,690,503,177
	12,676,746,983	9,179,584,564	13,631,778,315	10,377,181,667
4(b) Outside Bangladesh				
Total balance				
	12,676,746,983	9,179,584,564	13,631,778,315	10,377,181,667

6.4.1 Investment in available-for-sale securities

Details of available-for-sale securities are given below:

<u>Business Segments</u>	<u>IDLC Finance Limited</u>		<u>IDLC Group</u>	
	<u>Cost price</u>	<u>Market price at the end of the year</u>	<u>Cost price</u>	<u>Market price at the end of the year</u>
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Mutual Funds	55,047,280	51,152,410	80,041,152	76,044,414
Banks	982,231,607	1,282,858,000	2,763,561,021	3,283,694,147
Textiles	-	-	4,378,178	4,390,000
Pharmaceuticals & Chemicals	675,547,852	722,812,063	2,182,958,559	2,243,161,545
Fuel & Power	25,785,861	26,949,600	36,125,861	37,289,600
Financial Institutions	9,999,997	9,999,997	40,340,897	43,069,621
Telecom	479,996,034	674,185,600	1,452,379,389	1,763,462,001
Food & Allied	-	-	189,904,190	210,544,668
Engineering & Others	1,990,233	5,634,850	12,659,621	20,813,288
	2,230,598,864	2,773,592,521	6,762,348,868	7,682,469,285

All investments in marketable securities are valued on an aggregate portfolio basis, at the lower of cost and market value, at the balance sheet date.

Market price for securities not listed as on reporting date, has been shown at cost for calculation purpose.

As on December 31, 2017 there was Taka 920,120,417 gross unrealised gain on consolidated investment in marketable listed securities and Taka 542,993,657 gross unrealised gain on investment by IDLC Finance Limited in marketable securities

6.4.2 Investment in Initial Public Offering

<u>IDLC Finance Limited</u>		<u>IDLC Group</u>	
<u>31.12.2017</u>	<u>31.12.2016</u>	<u>31.12.2017</u>	<u>31.12.2016</u>
<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
-	30,000,000	-	75,000,000

6.5 Investment in open end mutual fund

IDLC Finance Limited (IDLC FL) invested TK. 200,000,000 as sponsor in open-ended mutual fund. IDLC Asset Management Limited (IDLC AML) is the fund manger of this mutual fund. The objective of the fund is to provide attractive risk adjusted returns to the unit holders by investing the proceeds in the Capital Market and Money Market.

6.6 Maturity grouping of investments

On demand	-	-	-	-
Up to 1 month	243,846,287	344,424,830	601,246,494	258,819,311
Over 1 month but not more than 3 months	2,186,752,577	996,708,420	5,395,490,444	2,005,451,730
Over 3 months but not more than 6 months	60,000,000	146,106,207	147,940,697	663,911,726
Over 6 months but not more than 1 year	138,250,000	478,250,000	340,880,023	478,250,000
Over 1 year but not more than 5 years	576,500,000	654,750,000	1,421,463,534	814,020,000
Over 5 years	7,864,000	127,864,000	15,728,000	127,864,000
	3,213,212,864	2,748,103,457	7,922,749,192	4,348,316,767

7 Loans and advances

Inside Bangladesh:

Lease receivable (Note 7.1)	4,628,820,564	4,949,942,229	4,628,820,564	4,949,942,229
Long-term finance (Note 7.2)	39,242,839,011	33,044,382,500	39,242,839,011	33,044,382,500
Real estate finance (Note 7.3)	21,461,517,186	18,108,222,920	21,461,517,186	18,108,222,920
Car loans (Note 7.4)	1,858,522,855	2,369,827,680	1,858,522,855	2,369,827,680
Personal loan (Note 7.5)	92,857,372	87,957,182	92,857,372	87,957,182
Short term finance (Note 7.6)	777,721,688	845,438,069	777,721,688	845,438,069
Loan to subsidiaries (Note 7.7)	1,230,349,692	260,800,000	-	-
Loan against deposit (LAD)	415,164,763	488,209,887	415,164,763	488,209,887
Margin loan to portfolio investors (Note 7.8)	-	-	2,063,263,811	1,341,971,074
Interest receivable (Note-7.9)	957,840,785	980,917,636	957,840,785	980,917,636
	70,665,633,916	61,135,698,103	71,498,548,035	62,216,869,177

Outside Bangladesh

	-	-	-	-
	70,665,633,916	61,135,698,103	71,498,548,035	62,216,869,177

	IDLC Finance Limited		IDLC Group	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	Taka	Taka	Taka	Taka
7.1 Lease receivable				
Balance at January 1	4,949,942,229	6,016,178,662	4,949,942,229	6,016,178,662
Add: Addition during the year	1,708,529,716	1,633,586,662	1,708,529,716	1,633,586,662
	6,658,471,945	7,649,765,324	6,658,471,945	7,649,765,324
Less: Realisation during the year	2,029,651,381	2,699,823,095	2,029,651,381	2,699,823,095
Balance at December 31	4,628,820,564	4,949,942,229	4,628,820,564	4,949,942,229
7.1a Lease receivable				
Gross lease receivable	5,438,756,145	5,866,461,747	5,438,756,145	5,866,461,747
Less: Unearned lease income	809,935,581	916,519,518	809,935,581	916,519,518
Lease receivable	4,628,820,564	4,949,942,229	4,628,820,564	4,949,942,229
7.1.1 Aging analysis of lease receivable				
	31.12.2017		31.12.2016	
	Amount in Tk.	% of total	Amount in Tk.	% of total
Up to one year	1,918,986,448	41.46	2,114,028,835	42.71
Above one year to three years	2,118,808,251	45.77	2,279,266,871	46.05
Above three years to five years	582,539,749	12.59	555,232,898	11.22
More than five years	8,486,116.00	0.18	1,413,625	0.03
	4,628,820,564	100.00	4,949,942,229	100.00
7.2 Long-term finance				
Balance at January 1	33,044,382,500	25,376,857,760	33,044,382,500	25,376,857,760
Add: Disbursement during the year	26,025,645,752	22,769,766,224	26,025,645,752	22,769,766,224
	59,070,028,252	48,146,623,984	59,070,028,252	48,146,623,984
Less: Realisation during the year	19,827,189,241	15,102,241,484	19,827,189,241	15,102,241,484
Balance at December 31	39,242,839,011	33,044,382,500	39,242,839,011	33,044,382,500
7.3 Real estate finance				
This represents loans to individuals, employees under the Company's real estate loan scheme and corporate bodies for purchase and construction of apartments and homes in urban areas for periods ranging from 5 to 20 years.				
Balance at January 1	18,108,222,920	17,205,949,953	18,108,222,920	17,205,949,953
Add : Disbursement during the year	8,096,148,345	6,797,954,365	8,096,148,345	6,797,954,365
	26,204,371,265	24,003,904,318	26,204,371,265	24,003,904,318
Less : Realisation during the year	4,742,854,079	5,895,681,398	4,742,854,079	5,895,681,398
Balance at December 31	21,461,517,186	18,108,222,920	21,461,517,186	18,108,222,920
7.3.1 Aging analysis of real estate finance				
	31.12.2017		31.12.2016	
	Amount in Tk.	% of total	Amount in Tk.	% of total
Up to one year	2,210,261,219	10.30	1,932,547,235	10.67
Above one year to three years	4,276,997,252	19.93	3,547,403,663	19.59
Above three years to five years	4,143,035,544	19.30	3,522,759,169	19.45
More than five years	10,831,223,171	50.47	9,105,512,853	50.28
	21,461,517,186	100.00	18,108,222,920	100.00
7.4 Car loans				
Balance at January 1	2,369,827,680	2,490,010,308	2,369,827,680	2,490,010,308
Add : Disbursement during the year	455,177,855	723,867,202	455,177,855	723,867,202
	2,825,005,535	3,213,877,510	2,825,005,535	3,213,877,510
Less : Realisation during the year	966,482,680	844,049,830	966,482,680	844,049,830
Balance at December 31	1,858,522,855	2,369,827,680	1,858,522,855	2,369,827,680
7.5 Personal loan				
Balance at January 1	87,957,182	120,402,599	87,957,182	120,402,599
Add : Disbursement during the year	47,387,733	24,158,238	47,387,733	24,158,238
	135,344,915	144,560,837	135,344,915	144,560,837
Less : Realisation during the year	42,487,543	56,603,655	42,487,543	56,603,655
Balance at December 31	92,857,372	87,957,182	92,857,372	87,957,182

	IDLC Finance Limited		IDLC Group	
	31.12.2017 Taka	31.12.2016 Taka	31.12.2017 Taka	31.12.2016 Taka
7.6 Short term finance				
Factoring of account receivable	777,721,688	845,438,069	777,721,688	845,438,069
7.7 Loan to Subsidiaries				
Balance at January 1	260,800,000	232,500,000	-	-
Add : Disbursement during the year	11,593,399,692	5,756,400,000	-	-
	11,854,199,692	5,988,900,000	-	-
Less : Realisation during the year	10,623,850,000	5,728,100,000	-	-
Balance at December 31	1,230,349,692	260,800,000	-	-
7.7.1 Loan to IDLC Investments Limited				
Balance at January 1	260,800,000	127,500,000	-	-
Add : Disbursement during the year	10,098,399,692	2,145,900,000	-	-
	10,359,199,692	2,273,400,000	-	-
Less : Realisation during the year	9,128,850,000	2,012,600,000	-	-
Balance at December 31	1,230,349,692	260,800,000	-	-
7.7.2 Loan to IDLC Securities Limited				
Balance at January 1	-	105,000,000	-	-
Add : Disbursement during the year	1,495,000,000	3,610,500,000	-	-
	1,495,000,000	3,715,500,000	-	-
Less : Realisation during the year	1,495,000,000	3,715,500,000	-	-
Balance at December 31	-	-	-	-
7.8 Margin loan to portfolio investors				
Balance at January 1	-	-	1,341,971,074	1,586,669,766
Add : Disbursement during the year	-	-	7,265,731,928	3,408,251,029
	-	-	8,607,703,002	4,994,920,795
Less : Realisation during the year	-	-	6,544,439,191	3,652,949,721
Balance at December 31	-	-	2,063,263,811	1,341,971,074
Margin loan to portfolio investors are provided by the subsidiaries of the Company as part of their normal business activities and the Group considers this as having similar characteristics of retail/personal lending. Based on detailed review, the Group note that shortfall, if any on individual client's portfolio and margin lending exposure are temporary in nature and any potential shortfall is expected to be recouped in near future. Moreover, the Group has also continuing its recovery efforts by requesting those clients to bring in additional fund to cover shortfall. Nevertheless, the Group is closely monitoring this matter and if it become obvious that additional provision is required it shall be provided for in due course.				
7.9 Interest Receivables				
Lease receivable	113,515,497	121,149,224	113,515,497	121,149,224
Long-term finance	511,476,489	484,355,448	511,476,489	484,355,448
Real estate finance	269,372,331	274,394,245	269,372,331	274,394,245
Car loan	17,799,917	28,218,423	17,799,917	28,218,423
Personal loan	1,913,680	2,064,575	1,913,680	2,064,575
Loan against deposit (LAD)	34,730,266	56,472,184	34,730,266	56,472,184
Short term finance	9,032,605	14,263,537	9,032,605	14,263,537
	957,840,785	980,917,636	957,840,785	980,917,636
7.10 Net loans, advances and leases				
Gross performing loans, advances and leases (Note-7)	70,665,633,916	61,135,698,103	71,498,548,035	62,264,891,877
Less:				
Non-performing loans, advances and leases (Note-7.15(x)(a))	1,954,376,108	1,818,868,397	2,283,703,116	1,935,245,164
Interest suspense (Note-12.5)	396,051,369	373,356,082	396,051,369	373,356,082
Provision for loans and advances/investments (Note-12.6 (i))	1,105,347,063	1,081,156,938	1,145,270,344	1,116,435,278
	3,455,774,540	3,273,381,417	3,825,024,829	3,425,036,524
	67,209,859,376	57,862,316,686	67,673,523,206	58,839,855,353

7.11 Residual maturity grouping of loans, advances and leases

	IDLC Finance Limited		IDLC Group	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	Taka	Taka	Taka	Taka
Repayable on demand	6,370,297,692	4,162,574,181	6,370,297,692	4,162,574,181
Over 1 month but not more than 3 months	4,279,556,642	4,653,462,738	4,279,556,642	4,653,462,738
Over 3 months but not more than 1 year	15,329,541,777	13,703,717,726	16,162,455,896	14,784,888,800
Over 1 year but not more than 5 years	32,330,656,107	28,176,108,347	32,330,656,107	28,176,108,347
Over 5 years	12,355,581,698	10,439,835,111	12,355,581,698	10,439,835,111
	70,665,633,916	61,135,698,103	71,498,548,035	62,216,869,177

7.12 Loans, advances and leases on the basis of significant concentration

a) Loans, advances and lease to the institutions in which Directors have interest	5,542,279	9,417,209	5,542,279	9,417,209
b) Loans, advances and lease to Chief Executive and other senior executives	29,607,918	31,623,893	29,607,918	31,623,893
c) Loans, advances and lease to customer groups:				
i) Real estate finance	21,039,978,039	17,676,402,399	21,039,978,039	17,676,402,399
ii) Car loan	1,874,864,482	2,396,106,508	1,874,864,482	2,396,106,508
iii) Personal loan	74,622,789	84,023,906	74,622,789	84,023,906
iv) Loan against deposit (LAD)	449,895,029	544,682,070	449,895,029	544,682,070
v) Small and medium enterprises	29,042,919,423	23,487,612,958	29,042,919,423	23,487,612,958
vi) Special program loan (BB refinancing scheme)	2,320,105,027	3,199,448,568	2,320,105,027	3,199,448,568
vii) Staff loan	168,553,962	103,178,196	168,553,962	103,178,196
viii) Industrial loans, advances and leases (Note- 7.12 (d))	14,429,195,276	13,342,402,396	14,429,195,276	13,342,402,396
ix) Other loans and advances	1,230,349,692	260,800,000	2,063,263,811	1,341,971,074
	70,630,483,719	61,094,657,001	71,463,397,838	62,175,828,075
	70,665,633,916	61,135,698,103	71,498,548,035	62,216,869,177
d) Details of Industrial loans, advances and leases				
i) Agricultural industries	1,156,782,868	124,112,993	1,156,782,868	124,112,993
ii) Textiles, Apparels & Accessories	3,745,717,889	3,788,207,328	3,745,717,889	3,788,207,328
iii) Food and beverage	717,318,604	908,464,460	717,318,604	908,464,460
iv) Pharmaceuticals	729,915,255	369,356,166	729,915,255	369,356,166
v) Leather & leather products, chemicals	3,740,188	25,462,467	3,740,188	25,462,467
vi) Power, energy & engineering	2,198,318,968	1,785,436,041	2,198,318,968	1,785,436,041
vii) Real estate & Home appliances, cement, ceramics	1,164,505,726	1,340,859,853	1,164,505,726	1,340,859,853
viii) IT & services	3,758,318,657	4,167,442,973	3,758,318,657	4,167,442,973
ix) Transportation	342,441,376	299,867,033	342,441,376	299,867,033
x) Other industries	612,135,745	533,193,082	612,135,745	533,193,082
	14,429,195,276	13,342,402,396	14,429,195,276	13,342,402,396

7.13 Loans, advances and leases -geographical location-wise

Inside Bangladesh:

Dhaka	50,230,348,898	43,881,448,133	51,063,263,017	44,962,619,207
Chittagong	5,772,257,573	6,210,709,576	5,772,257,573	6,210,709,576
Bogra	2,004,857,286	1,748,215,543	2,004,857,286	1,748,215,543
Sylhet	1,299,497,044	1,393,218,542	1,299,497,044	1,393,218,542
Savar	1,937,591,290	1,472,247,335	1,937,591,290	1,472,247,335
Comilla	1,615,463,040	1,438,467,738	1,615,463,040	1,438,467,738
Jessore	1,651,275,716	1,335,376,776	1,651,275,716	1,335,376,776
Narsingdi	739,423,482	777,370,506	739,423,482	777,370,506
Bhulta	499,044,383	341,662,705	499,044,383	341,662,705
Khulna	863,910,501	768,578,178	863,910,501	768,578,178
Natore	624,204,671	478,303,595	624,204,671	478,303,595
Kustia	965,613,975	308,621,023	965,613,975	308,621,023
Habiganj	731,315,279	343,164,534	731,315,279	343,164,534
Mymesingh	680,673,141	327,382,744	680,673,141	327,382,744
Rangpur	673,507,323	310,931,175	673,507,323	310,931,175
Chowmuhani	149,937,776	-	149,937,776	-
Barisal	65,289,333	-	65,289,333	-
Rajshahi	98,427,269	-	98,427,269	-
Faridpur	62,995,936	-	62,995,936	-
	70,665,633,916	61,135,698,103	71,498,548,035	62,216,869,177

Outside Bangladesh:

	-	-	-	-
	70,665,633,916	61,135,698,103	71,498,548,035	62,216,869,177

7.14 Details of large loan/investments

There were no clients with outstanding amount and classified loans/investments exceeding 15% of total capital of the financial institution. Total capital of the financial institution was Taka 10,569.10 million as at 31 December 2017 (Taka 7,604.54 million in 2016)

	IDLC Finance Limited		IDLC Group	
	31.12.2017 Taka	31.12.2016 Taka	31.12.2017 Taka	31.12.2016 Taka
7.15 Particulars of loans, advances and leases				
i) Loans, advances and leases considered good in respect of which the financial institution is fully secured	9,366,772,122	12,660,871,696	10,199,686,241	13,742,042,770
ii) Loans, advances and leases considered good against which the financial institution holds no security other than the debtors' personal guarantee	8,202,973,956	8,377,273,927	8,202,973,956	8,377,273,927
iii) Loans, advances and leases considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors	53,095,887,838	40,097,552,480	53,095,887,838	40,097,552,480
	70,665,633,916	61,135,698,103	71,498,548,035	62,216,869,177
iv) Loans, advances and leases adversely classified; provision not maintained there against	-	-	-	-
v) Loans, advances and leases due by directors or officers of the financial institution or any of them either separately or jointly with any other persons [Note-7.12 (b) & (c) (vii)]	198,161,880	134,802,089	198,161,880	134,802,089
vi) Loans, advances and leases due from companies or firms in which the directors of the financial institution have interest as directors, partners or managing agents or in case of private companies, as members	5,542,279	9,417,209	5,542,279	9,417,209
vii) Maximum total amount of advances including temporary advances made at any time during the year to directors or managers or officers of the financial institution or any of them either separately or jointly with any other person	198,161,880	134,802,089	198,161,880	134,802,089
viii) Maximum total amount of advances including temporary advances granted during the year to the companies or firms in which the directors of the financial institution have interest as directors, partners or managing agents or in the case of private companies, as member	5,542,279	9,417,209	5,542,279	9,417,209
ix) Due from bank and financial institutions	1,722,520,583	929,916,780	1,722,520,583	929,916,780
x) Classified loans, advances and leases				
a) Classified loans, advances and leases on which interest has not been charged (Note-7.16)	1,954,376,108	1,818,868,397	2,283,703,116	1,935,245,164
b) Provision required for the year	397,524,787	430,079,458	402,169,728	431,839,624
Provision released during the year	(169,358,827)	(256,630,939)	(169,358,827)	(276,063,794)
Total provisions charged during the year	228,165,960	173,448,519	232,810,901	155,775,830
c) Amount of written off loans, advances and leases	203,975,835	252,724,607	203,975,835	252,724,607
Total amount realised against loans and leases previously written off	20,260,467	90,943,246	20,260,467	90,943,246
d) Provision kept against loans and advances classified as bad debts	489,377,162	510,099,689	489,377,162	510,099,689
e) Interest credited to Interest Suspense Account (Note-12.5)	396,051,369	373,356,082	396,051,369	373,356,082
xi) Cumulative amount of written off loans, advances and leases				
Balance at January 1	742,127,398	489,402,791	742,127,398	489,402,791
Amount written off during the year	203,975,835	252,724,607	203,975,835	252,724,607
	946,103,233	742,127,398	946,103,233	742,127,398
The amount of written off loans, advances and leases for which law suits have been filed	1,916,638,713	1,540,218,061	1,916,638,713	1,540,218,061
7.16 Classification of loans, advances and leases				
Unclassified:				
Standard including staff loan	67,800,162,979	58,229,861,090	68,303,750,090	59,194,655,397
Special Mention Account (SMA)	911,094,829	1,086,968,616	911,094,829	1,086,968,616
	68,711,257,808	59,316,829,706	69,214,844,919	60,281,624,013
Classified:				
Sub-standard	291,087,794	432,453,066	620,414,802	548,829,833
Doubtful	217,098,520	302,158,349	217,098,520	302,158,349
Bad/Loss	1,446,189,794	1,084,256,982	1,446,189,794	1,084,256,982
	1,954,376,108	1,818,868,397	2,283,703,116	1,935,245,164
	70,665,633,916	61,135,698,103	71,498,548,035	62,216,869,177

			IDLC Finance Limited		IDLC Group	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	Taka	Taka	Taka	Taka	Taka	Taka
7.17 Particulars of required provision for loans, advances and leases						
Status	Base	Rate				
	for provision	(%)				
General Provision						
Loans and leases (Excluding SMA)	42,251,687,082	1.00%	422,516,871	378,095,148	427,182,032	378,115,370
Loans and leases SME-STD (Excluding SMA)	25,548,475,897	0.25%	63,871,189	51,050,866	63,871,189	51,050,866
Special Mention Account (SMA)	853,088,421	5.00%	42,654,421	50,668,522	42,654,421	50,668,522
			529,042,481	479,814,536	533,707,642	479,834,758
Status	Base	Rate				
	for provision	(%)				
Specific provision						
Sub-standard	163,579,458	20%	32,715,892	22,130,089	67,974,012	57,388,208
Doubtful	108,423,055	50%	54,211,528	62,968,424	54,211,528	62,968,424
Bad/ Loss	489,377,162	100%	489,377,162	510,099,689	489,377,162	510,099,689
			576,304,582	595,198,202	611,562,702	630,456,320
Required provision for loans, advances and leases			1,105,347,063	1,075,012,738	1,145,270,344	1,110,291,078
Required provision for diminution in value of investments			-	6,144,200	-	6,144,200
Total provision required			1,105,347,063	1,081,156,938	1,145,270,344	1,116,435,278
Total provision maintained (Note - 12.6 (i))			1,105,347,063	1,081,156,938	1,145,270,344	1,116,435,278
Excess/(short) provision at 31 December			-	-	-	-

	IDLC Finance Limited		IDLC Group	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	Taka	Taka	Taka	Taka
8 Fixed assets including land, building, furniture and fixtures				
a. Cost				
Balance at January 1	1,205,376,097	1,042,168,288	1,376,871,985	1,208,445,716
Addition during the year	151,047,125	281,254,291	187,993,259	312,435,792
	<u>1,356,423,222</u>	<u>1,323,422,579</u>	<u>1,564,865,244</u>	<u>1,520,881,508</u>
Disposal/Adjustments during the year	(53,651,439)	(118,046,481)	(61,929,512)	(144,009,522)
	<u>1,302,771,783</u>	<u>1,205,376,097</u>	<u>1,502,935,732</u>	<u>1,376,871,985</u>
b. Accumulated depreciation				
Balance at January 1	598,463,488	539,804,931	722,598,634	671,347,033
Charged during the year	145,839,286	152,934,603	164,225,017	167,727,512
	<u>744,302,774</u>	<u>692,739,534</u>	<u>886,823,651</u>	<u>839,074,545</u>
Disposal/Adjustments during the year	(38,787,063)	(94,276,047)	(46,679,844)	(116,475,911)
	<u>705,515,711</u>	<u>598,463,488</u>	<u>840,143,807</u>	<u>722,598,634</u>
c. Written down value (a-b)	597,256,072	606,912,609	662,791,925	654,273,352
A schedule of fixed assets including land, building, furniture and fixtures is given in Annexure-A				
9 Other assets				
Investment in subsidiary companies (Note - 9.1)	3,949,999,790	1,549,999,790	-	-
Accounts receivable (Note - 9.2)	182,287,683	127,039,631	578,936,375	495,507,934
Advances, deposits and prepayments (Note - 9.3)	213,723,589	174,159,587	236,588,461	197,264,296
Deferred tax asset (Note - 9.4)	16,109,252	7,590,200	40,762,419	26,835,956
Investment in stock exchanges (Note - 9.5)	-	-	18,676,000	18,676,000
	<u>4,362,120,314</u>	<u>1,858,789,208</u>	<u>874,963,255</u>	<u>738,284,186</u>
9.1 Investment in subsidiary companies				
IDLC Securities Limited (Note- 9.1.1)	1,649,999,900	49,999,900	-	-
IDLC Investments Limited (Note- 9.1.2)	2,199,999,900	1,399,999,900	-	-
IDLC Asset Management Limited (Note- 9.1.3)	99,999,990	99,999,990	-	-
	<u>3,949,999,790</u>	<u>1,549,999,790</u>	<u>-</u>	<u>-</u>
9.1.1 Out of the total of 20,000,000 ordinary shares issued and paid up, IDLC Finance Limited holds 19,999,992 (including bonus shares issued in 2008, 2009 and 2010) ordinary shares of Taka 100 each.				
9.1.2 Out of the total of 22,000,000 ordinary shares issued and paid up, IDLC Finance Limited holds 21,999,999 ordinary shares of Taka 100 each.				
9.1.3 Out of the total of 10,000,000 ordinary shares issued and paid up, IDLC Finance Limited holds 9,999,999 ordinary shares of Taka 100 each.				
9.2 Accounts receivable				
Interest receivable (Note - 9.2.1)	140,307,327	89,487,153	140,529,869	95,103,875
Other receivables (Note - 9.2.2)	41,980,357	37,552,478	438,406,507	400,404,059
	<u>182,287,683</u>	<u>127,039,631</u>	<u>578,936,375</u>	<u>495,507,934</u>
9.2.1 Interest receivable				
Interest receivable, Fixed deposit	121,666,250	66,593,056	121,888,792	72,209,778
Interest receivable, Commercial paper	-	2,311,111	-	2,311,111
Receivable from investment in bonds	18,641,077	20,582,986	18,641,077	20,582,986
	<u>140,307,327</u>	<u>89,487,153</u>	<u>140,529,869</u>	<u>95,103,875</u>
9.2.2 Other receivables				
Accrued other income	32,403,180	34,931,119	32,403,180	34,931,119
Other receivable	9,577,177	2,621,359	406,003,327	365,472,940
	<u>41,980,357</u>	<u>37,552,478</u>	<u>438,406,507</u>	<u>400,404,059</u>
9.3 Advances, deposits and prepayments				
Deposits and prepayments	7,957,426	2,867,426	8,620,606	3,155,425
Advance against expenses	205,766,163	171,292,161	227,967,855	194,108,871
	<u>213,723,589</u>	<u>174,159,587</u>	<u>236,588,461</u>	<u>197,264,296</u>

Advances, deposits and prepayments are considered good but not secured by collateral.

9.4 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 Bangladesh Accounting Standard (BAS) 12: "Income Taxes".

Deferred tax liability is arrived at as follows:

	IDLC Finance Limited			Subsidiaries		
	Carrying amount at balance sheet Taka	Tax base Taka	(Taxable)/deductible temporary difference Taka	Carrying amount at balance sheet Taka	Tax base Taka	(Taxable)/deductible temporary difference Taka
2017						
Assets (excluding land):						
Fixed assets net of depreciation as on December 31, 2017 (IDLC FL)	-	-	-	-	-	-
Fixed assets net of depreciation as on December 31, 2017 (IDLC SL)	-	-	-	-	-	-
Fixed assets net of depreciation as on December 31, 2017 (IDLC IL)	-	-	-	-	-	-
Fixed assets net of depreciation as on December 31, 2017 (IDLC AML)	-	-	-	11,697,280	10,238,854	(1,458,427)
Total	-	-	-	11,697,280	10,238,854	(1,458,427)
2016						
Assets (excluding land):						
Fixed assets net of depreciation as on December 31, 2016 (IDLC AML)	-	-	-	1,445,865	1,335,981	(109,884)
Total	-	-	-	1,445,865	1,335,981	(109,884)
Applicable tax rate for IDLC FL			40.00%			
Applicable tax rate for IDLC AML						35.00%
Deferred tax liability as on December 31, 2017			-			(510,449)
Deferred tax liability as on December 31, 2016			-			(38,459)
Deferred tax (expenses)/ income accounted for during the year			-			(471,990)

Deferred tax asset is arrived at as follows:

	IDLC Finance Limited			Subsidiaries		
	Carrying amount at balance sheet Taka	Tax base Taka	(Taxable)/deductible temporary difference Taka	Carrying amount at balance sheet Taka	Tax base Taka	(Taxable)/deductible temporary difference Taka
2017						
Assets (excluding land):						
Fixed assets net of depreciation as on December 31, 2017 (IDLC FL)	570,297,602	609,810,828	39,513,226	-	-	-
* Difference for vehicle	(759,904)		759,904			
Fixed assets net of depreciation as on December 31, 2017 (IDLC SL)	-	-	-	36,018,198	54,834,699	18,816,501
Fixed assets net of depreciation as on December 31, 2017 (IDLC IL)	-	-	-	17,756,828	25,729,052	7,972,224
Fixed assets net of depreciation as on December 31, 2017 (IDLC AML)	-	-	-	-	-	-
Total	569,537,698	609,810,828	40,273,130	53,775,026	80,563,751	26,788,725
Liabilities:						
Employee gratuity as on December 31, 2017 (IDLC SL)	-	-	-	27,071,908	-	27,071,908
Employee gratuity as on December 31, 2017 (IDLC IL)	-	-	-	11,550,577	-	11,550,577
Employee gratuity as on December 31, 2017 (IDLC AML)	-	-	-	3,631,925	-	3,631,925
Total	-	-	-	42,254,410	-	42,254,410
Loss on sale of secondary shares (IDLC SL)	-	-	-	-	-	-
Loss on sale of secondary shares (IDLC IL)	-	-	-	-	-	-
Total	-	-	-	-	-	-
Grand Total	-	-	-	42,254,410	-	42,254,410

2016	IDLC Finance Limited			Subsidiaries		
	Carrying amount at balance sheet	Tax base	(Taxable)/deductible temporary difference	Carrying amount at balance sheet	Tax base	(Taxable)/deductible temporary difference
	Taka	Taka	Taka	Taka	Taka	Taka
Assets (excluding land):						
Fixed assets net of depreciation as on December 31, 2016 (IDLC FL)	579,954,139	591,749,467	11,795,328	-	-	-
* Difference for vehicle	(7,180,173)	-	7,180,173	-	-	-
Fixed assets net of depreciation as on December 31, 2016 (IDLC SL)	-	-	-	29,544,892	49,231,766	19,686,874
Fixed assets net of depreciation as on December 31, 2016 (IDLC IL)	-	-	-	16,153,944	21,699,677	5,545,733
Fixed assets net of depreciation as on December 31, 2016 (IDLC AML)	-	-	-	-	-	-
Total	572,773,966	591,749,467	18,975,501	45,698,836	70,931,443	25,232,607
Liabilities:						
Employee gratuity as on December 31, 2016 (IDLC SL)	-	-	-	17,045,744	-	17,045,744
Employee gratuity as on December 31, 2016 (IDLC IL)	-	-	-	8,973,917	-	8,973,917
Employee gratuity as on December 31, 2016 (IDLC AML)	-	-	-	2,698,488	-	2,698,488
Total	-	-	-	28,718,149	-	28,718,149
Loss on sale of secondary shares (IDLC FL)	-	-	-	-	-	-
Loss on sale of secondary shares (IDLC SL)	-	-	-	-	-	-
Loss on sale of secondary shares (IDLC IL)	-	-	-	-	-	-
Total	-	-	-	-	-	-
Grand Total	-	-	-	28,718,149	-	28,718,149

Applicable tax rate for IDLC Finance Limited (2016: 40.00%)	40.00%	-
Applicable tax rate for IDLC Securities Limited	-	35.00%
Applicable tax rate for IDLC Investments Limited	-	37.50%
Applicable tax rate for IDLC Asset Management Limited	-	35.00%
Applicable tax rate for loss on sale of secondary shares	10.00%	10.00%

Deferred tax asset as on December 31, 2017	16,109,252	24,653,167
Deferred tax asset as on December 31, 2016	7,590,200	19,245,756
Deferred tax (expenses)/ income accounted for during the year	8,519,052	5,407,411
Net deferred tax (expense)/income	8,519,052	4,935,421

2017: Consolidated deferred tax income was Taka 13,454,473, which includes Taka 8,519,052 for deferred tax income of IDLC Finance Limited, Taka 3,204,526 for deferred tax income of IDLC Securities Limited, Taka 1,876,182 for deferred tax income of IDLC Investments Limited and Taka 145,287 for deferred tax expense of IDLC Asset Management Limited.

2016: Consolidated deferred tax income was Taka 1,062,077, which includes Taka 5,258,987 for deferred tax income of IDLC Finance Limited, Taka 4,151,543 for deferred tax expense of IDLC Securities Limited, Taka 951,379 for deferred tax expense of IDLC Investments Limited and Taka 906,011 for deferred tax income of IDLC Asset Management Limited.

* This represents the permanent difference related to sedan cars, not plying for hire, owned by IDLC. As per the provisions of Income Tax Ordinance 1984, depreciation on such cars is allowed only up to certain limit of cost (currently Tk. 2.5 million per car) of such cars for tax purpose. Difference for vehicle represents the amount of depreciated cost exceeding such limits.

9.5 Investment in stock exchanges	IDLC Finance Limited		IDLC Group	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	Taka	Taka	Taka	Taka
DSE membership at cost	-	-	15,225,000	15,225,000
CSE membership at cost	-	-	3,451,000	3,451,000
	-	-	18,676,000	18,676,000

IDLC Securities Limited has received the following shares from DSE and CSE against the membership under demutualization scheme of the stock exchanges.

Stock Exchange	Type of Shares	Number of Shares	Face Value
Dhaka Stock Exchange Limited	Floated (40%)	2,886,042	10
	Blocked (60%)	4,329,064	10
		7,215,106	
Chittagong Stock Exchange Limited	Floated (40%)	1,714,932	10
	Blocked (60%)	2,572,398	10
		4,287,330	

Valuation of membership has been shown at cost in the accounts.

	IDLC Finance Limited		IDLC Group	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	Taka	Taka	Taka	Taka
10 Borrowings from other banks, financial institutions				
Inside Bangladesh (Note- 10.1)	11,230,359,336	12,394,377,442	11,400,359,336	12,564,377,442
Outside Bangladesh	-	-	-	-
	11,230,359,336	12,394,377,442	11,400,359,336	12,564,377,442
	IDLC Finance Limited	IDLC Group	IDLC Finance Limited	IDLC Group
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	Taka	Taka	Taka	Taka
10.1 Inside Bangladesh				
Secured long term loans				
Long-term loans				
Woori Bank	213,333,333	183,333,333	213,333,333	183,333,333
Total secured long-term loans	213,333,333	183,333,333	213,333,333	183,333,333
Unsecured long-term loans				
Bond and Debenture				
A. K. Khan & Company Limited	325,316,491	438,214,164	325,316,491	438,214,164
Universal Jeans Limited	258,187,691	347,789,019	258,187,691	347,789,019
Grameen Telecom Trust	160,076,369	215,629,192	160,076,369	215,629,192
Square Pharmaceuticals Limited	129,093,846	173,894,509	129,093,846	173,894,509
Pragati Life Insurance Limited	25,818,769	34,778,902	25,818,769	34,778,902
BETS Consulting Services Limited	25,818,769	34,778,902	25,818,769	34,778,902
Dr. Abdus Shabur	5,163,754	6,955,780	5,163,754	6,955,780
Bangla Telecom Limited	31,124,005	40,554,479	31,124,005	40,554,479
Bangladesh Infrastructure Finance Fund Limited	311,240,055	405,544,789	311,240,055	405,544,789
Delsey Cotton Spinning Mills Ltd.	62,248,011	81,108,958	62,248,011	81,108,958
	1,334,087,760	1,779,248,694	1,334,087,760	1,779,248,694
Long-term loans				
Kreditanstalt für Wiederaufbau (KfW)	81,275,994	90,801,364	81,275,994	90,801,364
Bangladesh Bank (BB Fund-Small Enterprise Refinancing Program)	33,785,833	54,951,487	33,785,833	54,951,487
Bangladesh Bank (Women-Small Enterprise Refinancing Program)	2,312,457,441	3,091,649,465	2,312,457,441	3,091,649,465
Bangladesh Bank (ADB Fund-Small Enterprise Refinancing Program)	24,478,125	60,316,875	24,478,125	60,316,875
Bangladesh Bank (New Entrepreneur Refinancing Scheme)	101,998,846	102,740,909	101,998,846	102,740,909
Bangladesh Bank (Home Loan Refinancing Program)	570,052,125	629,317,923	570,052,125	629,317,923
Bangladesh Bank (Agro Loan Refinancing Program)	1,243,407,764	1,517,398,317	1,243,407,764	1,517,398,317
Bangladesh Bank (JICA Refinancing Program)	564,763,035	650,896,224	564,763,035	650,896,224
SME Foundation	30,000,000	63,000,000	30,000,000	63,000,000
FMO Loan	310,720,000	621,440,000	310,720,000	621,440,000
Investment Promotion & Financing Facilities (IPFF)	602,458,911	609,391,366	602,458,911	609,391,366
Bangladesh Bank Solar Bio Gas & ETP Scheme	2,916,668	5,250,001	2,916,668	5,250,001
Bangladesh Bank Milk Production Scheme	3,400,000	2,400,000	3,400,000	2,400,000
Saudi Bangladesh Industrial & Agricultural Investment Company Limited	616,223,500	312,241,484	616,223,500	312,241,484
	6,497,938,242	7,811,795,415	6,497,938,242	7,811,795,415
Total unsecured long-term loan	7,832,026,002	9,591,044,109	7,832,026,002	9,591,044,109
Short-term and Call loans:				
Short-term loans				
Citi Bank N.A.	400,000,000	520,000,000	400,000,000	520,000,000
Bank Alfalah Limited	200,000,000	200,000,000	200,000,000	200,000,000
Standard Chartered Bank	1,550,000,000	1,100,000,000	1,720,000,000	1,270,000,000
Commercial Bank of Ceylon Plc	535,000,000	400,000,000	535,000,000	400,000,000
One Bank Limited	500,000,000	-	500,000,000	-
Jamuna Bank Limited	-	400,000,000	-	400,000,000
	3,185,000,000	2,620,000,000	3,355,000,000	2,790,000,000
Total short-term and call loans	3,185,000,000	2,620,000,000	3,355,000,000	2,790,000,000
Total Borrowings	11,230,359,336	12,394,377,442	11,400,359,336	12,564,377,442
10.2 Security against borrowings from other banks and financial institutions				
Secured	3,398,333,333	2,803,333,333	3,568,333,334	2,973,333,333
Unsecured	7,832,026,002	9,591,044,109	7,832,026,002	9,591,044,109
	11,230,359,336	12,394,377,442	11,400,359,336	12,564,377,442
Secured loans are 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:				
10.3 Maturity grouping of borrowings from other banks and financial institutions				
Payable on demand	-	-	-	-
Up to 1 month	1,605,519,521	2,481,575,335	1,775,519,521	2,651,575,335
Over 1 month but within 3 months	2,135,231,625	1,270,410,640	2,135,231,625	1,270,410,640
Over 3 months but within 1 year	2,854,049,599	2,351,255,595	2,854,049,599	2,351,255,595
Over 1 year but within 5 years	3,983,406,946	5,504,415,181	3,983,406,946	5,504,415,181
Over 5 years	652,151,645	786,720,691	652,151,645	786,720,691
	11,230,359,336	12,394,377,442	11,400,359,336	12,564,377,442

	IDLC Finance Limited		IDLC Group	
	31.12.2017 Taka	31.12.2016 Taka	31.12.2017 Taka	31.12.2016 Taka
11 Deposits and other accounts				
Current accounts and other accounts etc	-	-	-	-
Bills payable	-	-	-	-
Savings bank deposits	-	-	-	-
Term deposits (Note- 11.1)	60,538,332,988	47,563,668,197	59,853,619,702	47,474,930,697
Bearer certificate of deposits	-	-	-	-
Refundable deposits (Note- 11.2)	2,238,814,210	1,849,394,133	2,238,814,210	1,849,394,133
	62,777,147,198	49,413,062,330	62,092,433,912	49,324,324,830
11.1 Term deposits				
This represents deposits received from institutions and individuals for a period not less than three months period.				
Balance at January 1	47,563,668,197	46,174,475,236	47,474,930,697	46,038,675,236
Add: Deposits received during the year	35,652,152,030	24,844,319,966	35,652,152,030	24,844,319,966
	83,215,820,227	71,018,795,202	83,127,082,727	70,882,995,202
Less: Matured/encashed during the year	22,677,487,239	23,455,127,005	22,677,487,239	23,455,127,005
Inter - company deposit	-	-	595,975,786	(47,062,500)
Balance at December 31	60,538,332,988	47,563,668,197	59,853,619,702	47,474,930,697
11.1.1 Rate of interest				
Rate of interest on term deposit receipts ranges from 5.00% to 9.00% (2016: 5.00% to 10.50%).				
11.2 Refundable deposits				
The Company takes deposits from the clients of lease and loan on signing of agreement, refundable at the end of the contract period. Balance at December 31 stands as under:				
Deposits against loan and lease rental	265,089,005	307,085,210	265,089,005	307,085,210
Deposits against financing as per term of agreements (Security deposits)	1,973,725,205	1,542,308,923	1,973,725,205	1,542,308,923
	2,238,814,210	1,849,394,133	2,238,814,210	1,849,394,133
Security deposits are interest bearing while deposits against loan and lease are non interest bearing.				
11.3 Group-wise break-up of deposits and other accounts				
Government	-	-	-	-
Bank	18,061,108,682	12,321,108,682	18,061,108,682	12,321,108,682
Other institutions	25,543,937,556	18,650,760,380	24,859,224,270	18,562,022,880
Individuals	19,172,100,960	18,441,193,268	19,172,100,960	18,441,193,268
	62,777,147,198	49,413,062,330	62,092,433,912	49,324,324,830
11.4 Maturity analysis of deposits				
Maturity analysis of Term deposits				
Payable on demand	-	-	-	-
Up to 1 month	5,344,500,085	3,607,070,471	5,323,936,799	3,607,070,471
Over 1 month but within 6 months	20,245,242,210	14,604,224,030	19,613,242,210	14,604,224,030
Over 6 months but within 1 year	5,296,549,566	4,209,960,328	5,265,149,566	4,209,960,328
Over 1 year but within 5 years	29,250,203,773	24,808,766,742	29,249,453,773	24,720,029,242
Over 5 years but within 10 years	383,765,557	330,783,754	383,765,557	330,783,754
Above 10 years	18,071,797	2,862,872	18,071,797	2,862,872
	60,538,332,988	47,563,668,197	59,853,619,702	47,474,930,697
Maturity analysis of Refundable deposit				
Payable on demand	154,034,285	42,546,426	154,034,285	42,546,426
Up to 1 month	10,100,628	10,168,718	10,100,628	10,168,718
Over 1 month but within 6 months	88,646,804	160,958,534	88,646,804	160,958,534
Over 6 months but within 1 year	153,371,962	139,890,140	153,371,962	139,890,140
Over 1 year but within 5 years	1,826,268,158	1,492,342,651	1,826,268,158	1,492,342,651
Over 5 years but within 10 years	6,392,373	3,487,664	6,392,373	3,487,664
	2,238,814,210	1,849,394,133	2,238,814,210	1,849,394,133
12 Other liabilities				
Payable and accrued expenses (Note- 12.1)	4,567,608,997	3,906,034,034	5,343,166,922	4,874,951,910
Provision for income tax (Note- 12.2)	1,948,570,620	1,721,385,014	2,281,617,302	1,892,360,718
Deferred liability-employee gratuity (Note- 12.3)	-	-	42,254,402	28,718,149
Portfolio investors' fund (Note- 12.4)	-	-	370,999,029	187,443,773
Interest suspense account (Note- 12.5)	396,051,369	373,356,082	396,051,369	373,356,082
Provision for doubtful accounts and future losses (Note- 12.6 (i))	1,105,347,063	1,081,156,938	1,145,270,344	1,116,435,278
Unpaid dividend	16,801,159	11,236,486	16,801,159	11,236,486
Deferred tax liability (Note - 9.5)	-	-	510,449	38,459
	8,034,379,208	7,093,168,554	9,596,670,976	8,484,540,856

	IDLC Finance Limited		IDLC Group	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	Taka	Taka	Taka	Taka
12.1 Payable and accrued expenses				
Receipt against leases	616,546,078	541,142,816	616,546,078	541,142,816
Liabilities for expenses	2,803,290,053	2,815,410,155	3,575,729,042	3,783,797,745
Liabilities for other finance	1,147,772,866	549,481,063	1,150,891,802	550,011,349
	4,567,608,997	3,906,034,034	5,343,166,922	4,874,951,910
12.2 Provision for income tax				
<i>Provision</i>				
Balance at January 1	6,649,874,999	5,560,168,809	7,459,702,789	6,189,952,788
Less: Adjustment during the year	-	-	-	-
	6,649,874,999	5,560,168,809	7,459,702,789	6,189,952,788
Add: Provision made during the year	1,065,400,300	1,089,706,190	1,448,167,284	1,269,750,001
	7,715,275,299	6,649,874,999	8,907,870,073	7,459,702,789
Settlement of previous year's tax liability	-	-	-	-
Balance at December 31	7,715,275,299	6,649,874,999	8,907,870,073	7,459,702,789
<i>Advance tax</i>				
Balance at January 1	4,928,489,985	3,753,867,106	5,567,342,071	4,264,761,578
Add: Payment made during the year:				
Under sections 64 and 74 of ITO, 1984	740,958,309	1,072,662,727	765,827,621	1,096,031,190
Deduction at source	96,076,385	100,355,152	291,903,080	204,944,302
Others	1,180,000	1,605,000	1,180,000	1,605,000
	838,214,694	1,174,622,879	1,058,910,701	1,302,580,492
	5,766,704,679	4,928,489,985	6,626,252,771	5,567,342,071
Less: Adjustment during the year	-	-	-	-
	5,766,704,679	4,928,489,985	6,626,252,771	5,567,342,071
Net balance at December 31	1,948,570,620	1,721,385,014	2,281,617,302	1,892,360,718
12.3 Deferred Liability-employee gratuity				
Balance at January 1	-	-	28,718,149	21,077,143
Add: Addition during the year	-	-	13,760,293	10,663,620
	-	-	42,478,442	31,740,763
Less: Payment during the year	-	-	224,040	3,022,614
Balance at December 31	-	-	42,254,402	28,718,149
12.4 Portfolio investors' fund				
This represents the balance of deposits made with the IDLC Investments Limited by the portfolio investors to take margin loan and buy marketable securities. The balance of fund has been arrived at as follows:				
Balance at January 1	-	-	187,443,773	218,042,064
Add: Deposit and share sold by clients	-	-	10,248,279,322	2,429,388,445
	-	-	10,435,723,095	2,647,430,509
Less: Purchase of share and deposit withdraw by clients	-	-	10,064,724,066	2,459,986,736
Balance at December 31	-	-	370,999,029	187,443,773

	IDLC Finance Limited		IDLC Group	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	Taka	Taka	Taka	Taka
12.5 Interest suspense accounts				
On lease finance	84,677,038	84,077,661	84,677,038	84,077,661
On real-estate finance	122,264,764	111,682,597	122,264,764	111,682,597
On term finance	180,832,816	163,021,286	180,832,816	163,021,286
On car loan	4,440,593	9,929,717	4,440,593	9,929,717
On personal loan	1,412,351	1,373,391	1,412,351	1,373,391
On short term finance	2,423,807	3,271,430	2,423,807	3,271,430
	396,051,369	373,356,082	396,051,369	373,356,082
12.6 Provision for loans and advances/investments				
12.6(i) Balance at January 1	1,081,156,938	1,160,433,026	1,116,435,278	1,213,384,055
Provision required for the year	397,524,787	430,079,458	402,169,728	431,839,624
Provision released during the year	(169,358,827)	(256,630,939)	(169,358,827)	(276,063,794)
Provision charged for the year (Note- 12.7 (ii))	228,165,960	173,448,519	232,810,901	155,775,830
Write off during the year	203,975,835	252,724,607	203,975,835	252,724,607
Balance at December 31	1,105,347,063	1,081,156,938	1,145,270,344	1,116,435,278
12.6(ii) Provision charged for the year				
General provision	57,242,047	46,925,871	61,886,988	48,686,037
Specific provision	170,923,913	187,021,074	170,923,913	167,588,219
Provision for diminutions in value of investments	-	(60,498,426)	-	(60,498,426)
Other Provisions	-	-	-	-
	228,165,960	173,448,519	232,810,901	155,775,830
12.6(iii) Product wise break up of provision				
Lease	153,648,511	227,320,184	153,648,511	227,320,184
Long- term finance	539,516,413	503,989,998	539,516,413	503,989,998
Real estate finance	319,627,905	238,802,590	319,627,905	238,802,590
Car loan	31,346,700	40,088,534	31,346,700	40,088,534
Investment in shares	7,864,000	6,144,201	7,864,000	6,144,201
Personal Loan	5,747,825	5,087,848	5,747,825	5,087,848
Short term finance	18,429,350	46,260,318	18,429,350	46,260,318
Loan against Deposit	4,498,950	5,446,821	4,498,950	5,446,821
Loan to subsidiaries	12,303,497	2,608,000	482,392	(9,213,107)
Other Assets	12,363,912	5,408,444	12,363,912	5,408,444
Margin loan	-	-	51,744,386	47,099,447
	1,105,347,063	1,081,156,938	1,145,270,344	1,116,435,278

13 Share capital

Authorised

1,000,000,000 ordinary shares of Taka 10 each

IDLC Finance Limited		IDLC Group	
31.12.2017	31.12.2016	31.12.2017	31.12.2016
Taka	Taka	Taka	Taka

10,000,000,000	10,000,000,000	10,000,000,000	10,000,000,000
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Issued, subscribed and paid-up

377,050,780 ordinary shares of Taka 10 each

3,770,507,800	2,513,671,870	3,770,507,800	2,513,671,870
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IDLC Finance Limited obtained approval from Bangladesh Securities and Exchange Commission (BSEC) vide its letter no. BSEC/CI/RI-104/2015/668, dated November 22, 2016 for Rights Issue for raising of paid up capital through issuance of 125,683,593 Ordinary Shares of Taka 10 each issuing at Taka 20 each, including a premium of Taka 10 per share, amounting to Taka 2,513,671,860 offered on the basis of 1R:2 (i.e. one rights share against two existing ordinary shares held on the record date).

Accordingly, IDLC Finance Limited declared record date on December 15, 2016 for the entitlement for the rights shares and subsequently the subscriptions period from January 01, 2017 to January 19, 2017. After completion of all the regulatory formalities duly, the entitled rights shares were credited to the respective BO account of eligible shareholders on February 08, 2017. Thereafter, number of Ordinary Shares of the company stands at 377,050,780 and the paid-up capital stands at Taka 3,770,507,800 and the Share Premium amount stands at Taka 1,260,585,930.

Paid-up share capital as on December 31, 2017 comprises the following:

Composition of shareholding:

Sl. No.	Name of the Shareholders	31.12.2017		31.12.2016	
		% of holding	Number of shares	Taka	Taka
1	SPONSORS/DIRECTORS				
	The City Bank Limited (CBL) and its subsidiaries	23.21	87,510,575	875,105,750	608,540,560
	The City Bank Limited (CBL)	9.00	33,935,329	339,353,290	251,372,250
	City Bank Capital Resources Limited (CBCRL)	9.90	37,328,028	373,280,280	248,853,520
	City Brokerage Limited	4.31	16,247,218	162,472,180	108,314,790
	Transcom Group	13.33	50,273,164	502,731,640	335,154,430
	Eskayef Bangladesh Limited	8.00	30,164,062	301,640,620	201,093,750
	Transcraft Limited	4.01	15,132,033	151,320,330	100,880,220
	Bangladesh Lamps Limited	1.32	4,977,069	49,770,690	33,180,460
	Sadharan Bima Corporation (SBC)	7.62	28,727,494	287,274,940	191,516,630
	Reliance Insurance Company Limited	7.00	26,393,553	263,935,530	175,957,020
	Mercantile Bank Limited	5.50	20,737,791	207,377,910	188,525,380
	Sub-Total	56.66	213,642,577	2,136,425,770	1,499,694,020
2	GENERAL				
	Institutions:				
	Bangladesh Fund	1.68	6,330,000	63,300,000	80,407,500
	Investment Corporation of Bangladesh (ICB)	1.39	5,251,913	52,519,130	107,449,860
	Marina Apparels Limited	1.00	3,770,506	37,705,060	25,136,710
	Other Institutions	11.92	44,930,605	449,306,050	336,918,890
	Sub-Total	15.99	60,283,024	602,830,240	549,912,960
	Individuals:				
	General Public (Individuals)	15.83	59,688,255	596,882,550	357,124,520
	Sub-Total	15.83	59,688,255	596,882,550	357,124,520
3	FOREIGN				
	Institutions & Individuals	11.52	43,436,924	434,369,240	106,940,370
	Sub-Total	11.52	43,436,924	434,369,240	106,940,370
	Total Holdings	100.00	377,050,780	3,770,507,800	2,513,671,870

The shares were listed with Dhaka Stock Exchange Limited on March 20, 1993, and with Chittagong Stock Exchange Limited on November 25, 1996, and quoted at Taka 85.30 at Dhaka Stock Exchange Limited and Taka 86.20 at Chittagong Stock Exchange Limited respectively on December 31, 2017.

13.1 Capital Adequacy Ratio (CAR):

As per the Section 4(GHA) of the Financial Institutions Rule, 1994 and subsequently updated vide DFIM Circular No. 5, dated July 24, 2011, the minimum paid-up capital of the Financial Institution (FI) shall be Taka 100 crore; provided that the sum of paid-up capital and reserves shall not be less than the minimum capital required under the Risk-Based Assets of the company, criteria determined by the Bangladesh Bank.

The surplus eligible capital of the company as well as the Group at the close of business on December 31, 2017 were Taka 384.35 crore and Taka 513.20 crore, respectively.

Details are as follows:

	IDLC Finance Limited		IDLC Group	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	Taka	Taka	Taka	Taka
Core Capital (Tier-1)/Shareholders' Equity				
Paid-up capital (Note-13)	3,770,507,800	2,513,671,870	3,770,507,800	2,513,671,870
Share premium (Note-14)	1,260,585,930	3,750,000	1,260,585,930	3,750,000
Statutory reserves (note 15)	2,098,412,371	1,782,004,350	2,098,412,371	1,782,004,350
General reserves (Note 16)	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Dividend equalization reserves	46,500,000	46,500,000	46,500,000	46,500,000
Retained earnings	2,393,090,675	2,258,610,930	4,421,469,765	3,591,910,951
Non-controlling interest	-	-	3,001	2,385
A) Sub-Total	10,569,096,776	7,604,537,150	12,597,478,867	8,937,839,556
Supplementary capital (Tier -II)				
General Provision (Unclassified loans up to specified limit + SMA + off Balance Sheet exposure)*	529,042,481	479,814,536	533,707,642	479,834,758
Assets Revaluation Reserves up to 50%	-	-	-	-
Revaluation Reserve for Securities up to 45%	-	-	-	-
All others preference shares	-	-	-	-
Others (if any other item approved by Bangladesh Bank)	-	-	-	-
B) Sub-Total	529,042,481	479,814,536	533,707,642	479,834,758
C) Total eligible capital	11,098,139,257	8,084,351,686	13,131,186,509	9,417,674,313
Total assets including off-balance sheet exposures	94,636,754,226	78,238,982,213	97,712,714,799	81,044,919,421
D) Total risk weighted assets	72,546,445,689	61,008,829,057	79,991,798,556	64,897,690,350
E) Required capital based on risk weighted assets (10% of D)	7,254,644,569	6,100,882,906	7,999,179,856	6,489,769,035
F) Surplus (C-E)	3,843,494,688	1,983,468,781	5,132,006,654	2,927,905,279
Capital Adequacy Ratio (%)	15.30	13.25	16.42	14.51
* Limited to 1.25% of RWA as per CAMD guideline.				
14 Share premium	1,260,585,930	3,750,000	1,260,585,930	3,750,000

This represents Share Premium amount was received @50% over par value of share @Taka 100 against issue of 75,000 Ordinary Shares during IPO in 1993 and subsequently Share Premium amount @Taka 10 per share was received on 125,683,593 no. of Ordinary Shares in 2017 against Rights Issue (1R:2).

15 Statutory reserves

Balance at January 1	1,782,004,350	1,482,722,671	1,782,004,350	1,482,722,671
Add: Transferred on appropriation of profit	316,408,021	299,281,679	316,408,021	299,281,679
Balance at December 31	2,098,412,371	1,782,004,350	2,098,412,371	1,782,004,350

16 General reserves

Balance at January 1	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Add: Transferred on appropriation of profit	-	-	-	-
Balance at December 31	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000

17 Business commitments and contingencies

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:

	IDLC Finance Limited		IDLC Group	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	Taka	Taka	Taka	Taka
17.1 Contingent liabilities				
Acceptances and endorsements	-	-	-	-
Letters of guarantee (Note - 17.1.1)	91,601,562	199,206,314	91,601,562	199,206,314
Irrevocable letters of credit	-	-	-	-
Bills for collection	-	-	-	-
Indemnity bond	-	-	-	-
Corporate guarantee (Note - 17.1.2)	750,000,000	750,000,000	750,000,000	750,000,000
	841,601,562	949,206,314	841,601,562	949,206,314

17.1.1 Money for which the Company is contingently liable in respect of guarantee given in favour of:

Directors or officers	-	-	-	-
Government	-	-	-	-
Banks and other financial institutions	-	-	-	-
Others	91,601,562	199,206,314	91,601,562	199,206,314
	91,601,562	199,206,314	91,601,562	199,206,314

17.1.2 The Company is contingently liable on behalf of IDLC Securities Limited for the guarantees given below in favour of:

Dhaka Stock Exchange Limited	700,000,000	700,000,000	700,000,000	700,000,000
Chittagong Stock Exchange Limited	50,000,000	50,000,000	50,000,000	50,000,000
	750,000,000	750,000,000	750,000,000	750,000,000

17.2 Other commitments

Documentary credits and short term trade related transactions	-	-	-	-
Forward assets purchased and forward deposits placed	-	-	-	-
Un-drawn note issuance and revolving underwriting	-	-	-	-
Un-drawn formal standby facilities, credit lines	-	-	-	-
Lease and term finance commitments outstanding at December 31	344,407,701	211,847,685	344,407,701	211,847,685
Real estate finance commitments outstanding at December 31	828,654,280	572,174,405	828,654,280	572,174,405
Car loan commitments outstanding at December 31	408,333	408,333	408,333	408,333
Personal loan commitments outstanding at December 31	124,077	200,000	124,077	200,000
Loan Against Deposit commitments outstanding at December 31	10,575,755	-	10,575,755	-
	1,184,170,146	784,630,423	1,184,170,146	784,630,423

17.2.1 Sanction and Disbursements

On December 31, the Company had following amounts of sanction and disbursement :

	31.12.2017		31.12.2016	
	Contracts/ sanction	Disbursement	Contracts/ sanction	Disbursement
	Taka	Taka	Taka	Taka
Lease and term finance	941,023,600	596,615,899	384,500,000	172,652,315
Real estate finance	2,738,969,670	1,910,315,390	1,579,668,000	1,007,493,595
Car loans	2,560,000	2,151,667	2,560,000	2,151,667
Personal loans	1,000,000	875,923	500,000	300,000
Loan Against Deposit (LAD)	10,575,755	-	-	-
	3,694,129,025	2,509,958,879	1,967,228,000	1,182,597,577

17.2.2 Capital expenditure commitments

There was no capital expenditure contracted but not incurred or provided for at December 31, 2017 (2016: nil). There was no material capital expenditure authorised by the Board but not contracted for at December 31, 2017 (2016: nil).

17.2.3 Unacknowledged debt

The Company had no claim, legal or others, which has not been acknowledged as debt at the balance sheet date.

	IDLC Finance Limited		IDLC Group	
	2017	2016	2017	2016
	Taka	Taka	Taka	Taka
18 Income statement				
Income				
Interest, discount and similar income (Note-18.1)	9,174,637,988	8,430,233,136	9,838,140,889	8,749,426,231
Dividend income (Note-21)	48,998,371	45,623,873	137,228,732	86,295,233
Fees, commission and brokerage (Note-22)	42,055,874	75,401,525	755,121,539	441,325,925
Other operating income (Note-23)	437,656,645	506,398,528	447,973,309	511,882,259
	<u>9,703,348,878</u>	<u>9,057,657,062</u>	<u>11,178,464,469</u>	<u>9,788,929,648</u>
Expenses				
Interest on deposits and borrowings etc. (Note-20)	4,902,102,651	4,624,771,431	4,898,052,961	4,625,068,399
Administrative expenses (Note-18.2)	1,434,976,538	1,227,234,315	1,761,357,343	1,458,747,417
Other operating expenses (Note-33)	353,343,088	298,412,595	410,185,643	332,627,249
Depreciation on assets (Note-32)	145,839,286	152,934,603	164,225,017	167,727,512
	<u>6,836,261,563</u>	<u>6,303,352,944</u>	<u>7,233,820,964</u>	<u>6,584,170,577</u>
	<u>2,867,087,315</u>	<u>2,754,304,118</u>	<u>3,944,643,505</u>	<u>3,204,759,071</u>
18.1 Interest, discount and similar income				
Interest income (Note -19)	8,706,732,278	8,152,388,213	8,892,872,138	8,359,739,673
Gain on sale of marketable securities (Note - 21)	349,300,398	121,476,662	808,151,293	222,519,544
Income from investment in bonds (Note - 21)	99,583,090	117,132,150	118,095,236	127,930,903
Income from investment in commercial paper (Note - 21)	19,022,222	39,236,111	19,022,222	39,236,111
	<u>9,174,637,988</u>	<u>8,430,233,136</u>	<u>9,838,140,889</u>	<u>8,749,426,231</u>
18.2 Administrative expenses				
Salary and allowances (Note-24)	1,051,989,193	880,378,299	1,295,049,167	1,043,602,767
Rent, taxes, insurance, electricity, etc. (Note-25)	179,080,115	171,261,564	220,165,817	215,855,916
Legal expenses (Note-26)	21,562,320	15,320,592	25,855,925	18,682,742
Postage, stamp, telecommunication, etc. (Note-27)	30,186,959	29,126,790	37,748,974	33,958,799
Stationery, printing, advertisement, etc. (Note-28)	114,900,212	93,910,849	139,569,069	102,687,500
Managing Director's salary and fees (Note-29)	10,440,000	8,875,000	10,440,000	8,875,000
Directors' fees (Note-30)	1,619,200	1,490,400	2,283,518	1,872,048
Auditors' fees (Note-31)	1,023,381	690,000	1,368,381	991,875
Repair of Company's assets (Note-32)	24,175,158	26,180,821	28,876,492	32,220,770
	<u>1,434,976,538</u>	<u>1,227,234,315</u>	<u>1,761,357,343</u>	<u>1,458,747,417</u>
19 Interest income				
This represents interest income from the following products:				
Lease finance	561,588,550	685,587,863	561,588,550	685,587,863
Real estate finance	2,187,021,348	2,207,173,042	2,187,021,348	2,207,173,042
Term finance	4,605,514,561	3,969,926,836	4,605,514,561	3,969,926,836
Short term finance	104,661,960	121,283,741	104,661,960	121,283,741
Car loan	287,787,934	353,387,939	287,787,934	353,387,939
Personal loan	12,122,550	18,069,844	12,122,550	18,069,844
Margin loan to portfolio investors	-	-	210,724,275	159,436,654
Loan to subsidiaries	77,150,892	15,723,028	-	-
Income against pre-funding for foreign trade	-	-	-	-
	<u>7,835,847,795</u>	<u>7,371,152,293</u>	<u>7,969,421,178</u>	<u>7,514,865,919</u>
Interest on balance with other banks and financial institutions	819,774,626	718,907,333	872,341,103	782,545,167
Call loan	-	-	-	-
Loan against deposit	51,109,857	62,328,587	51,109,857	62,328,587
	<u>8,706,732,278</u>	<u>8,152,388,213</u>	<u>8,892,872,138</u>	<u>8,359,739,673</u>
20 Interest on deposits and borrowings etc.				
Interest on term deposits	4,012,549,026	3,829,651,193	4,001,085,608	3,824,376,681
Interest on borrowings	595,483,462	489,777,346	602,897,190	495,348,826
Interest on secured/unsecured zero coupon bonds	140,719,276	156,095,280	140,719,276	156,095,280
Interest on security deposit	107,201,859	102,642,348	107,201,859	102,642,348
Interest on call loan	46,149,028	46,605,264	46,149,028	46,605,264
Others	-	-	-	-
	<u>4,902,102,651</u>	<u>4,624,771,431</u>	<u>4,898,052,961</u>	<u>4,625,068,399</u>

	IDLC Finance Limited		IDLC Group	
	2017	2016	2017	2016
	Taka	Taka	Taka	Taka
21 Investment income				
Gain on sale of marketable securities	349,300,398	121,476,662	808,151,293	222,519,544
Dividend income	48,998,371	45,623,873	137,228,732	86,295,233
Income from investment in bonds	99,583,090	117,132,150	118,095,236	127,930,903
Income from investment in commercial paper	19,022,222	39,236,111	19,022,222	39,236,111
	516,904,081	323,468,796	1,082,497,483	475,981,791
22 Commission, exchange and brokerage				
Agency fees	18,079,166	13,929,166	18,079,166	13,929,166
Arrangement fees	14,415,672	60,986,445	14,415,672	60,986,445
Advisory fees	8,436,956	50,000	8,436,956	50,000
Commission & brokerage	698,267	-	543,155,522	283,608,543
Underwriting commission	-	-	-	204,800
Documentation fees	-	-	945,500	746,000
Custodial fees	425,813	435,914	425,813	435,914
Fees from mutual fund	-	-	13,655,430	-
Issue management fees	-	-	2,500,000	11,000,000
Portfolio management fees	-	-	50,818,643	33,131,013
Corporate advisory fees	-	-	44,059,460	17,213,203
Settlement charges	-	-	58,629,377	20,020,841
	42,055,874	75,401,525	755,121,539	441,325,925
23 Other operating income				
Application, processing and documentation fees	284,658,987	253,408,563	284,658,987	253,408,563
Loan settlement and others	93,966,736	107,600,326	93,966,736	107,600,326
Transfer price/gain at the time of expiry of lease	1,634,471	1,595,833	1,634,471	1,595,833
Service charges	10,055,799	25,710,887	10,055,799	25,710,887
Gain on disposal of fixed assets	12,701,436	12,667,469	13,666,742	12,326,099
Account opening & BO account maintenance fees	-	-	3,369,052	4,026,595
IPO service charge	-	-	45,810	65,545
Miscellaneous income	34,639,216	105,415,450	40,575,712	107,148,411
	437,656,645	506,398,528	447,973,309	511,882,259
24 Salaries and allowances	1,051,989,193	880,378,299	1,295,049,167	1,043,602,767
24.1 Salaries and allowances				
Salaries and allowances of IDLC Finance Limited include annual contribution of Taka 37,520,434 to Provident Fund and Taka 30,417,694 to Gratuity Fund. Salaries and allowances of IDLC Group include annual contribution of Taka 44,334,000 to Provident Fund and Taka 45,704,041 to Gratuity Fund.				
25 Rent, taxes, insurance, electricity, etc.				
Rent, rate and taxes	132,275,809	125,435,167	166,374,941	163,035,233
Insurance	4,894,850	5,582,549	5,467,303	6,372,496
Power and electricity	41,909,456	40,243,848	48,323,573	46,448,187
	179,080,115	171,261,564	220,165,817	215,855,916
26 Legal expenses				
Renewal and registration	7,557,918	8,843,118	9,146,039	10,315,958
Other professional charges	14,004,402	6,477,474	16,709,886	8,366,784
	21,562,320	15,320,592	25,855,925	18,682,742
27 Postage, stamp, telecommunication, etc.				
Postage	983,837	903,122	1,178,394	1,213,265
Telecommunication and internet etc.	29,203,122	28,223,668	36,570,580	32,745,534
	30,186,959	29,126,790	37,748,974	33,958,799
28 Stationery, printing, advertisements, etc.				
Stationery & printing	50,467,568	48,395,556	54,811,257	51,295,626
Advertisement and publicity	64,432,644	45,515,293	84,757,812	51,391,874
	114,900,212	93,910,849	139,569,069	102,687,500

	IDLC Finance Limited		IDLC Group	
	2017	2016	2017	2016
	Taka	Taka	Taka	Taka
29 Managing Director's salary and benefits				
Basic pay	6,000,000	5,000,000	6,000,000	5,000,000
Allowances	2,340,000	1,875,000	2,340,000	1,875,000
Bonus	1,500,000	1,500,000	1,500,000	1,500,000
Company's contribution to provident fund	600,000	500,000	600,000	500,000
	10,440,000	8,875,000	10,440,000	8,875,000
30 Directors' fees				
Honorarium for attending meeting	1,619,200	1,490,400	2,283,518	1,872,048
Incidental expenses for attending meeting	-	-	-	-
	1,619,200	1,490,400	2,283,518	1,872,048
30.1 Directors' fees				
In compliance with Bangladesh Bank's circular No. DFIM Circular No. 13, dated November 30, 2015, Taka 8,000 is being paid to directors of the board excluding the CEO & Managing Director for attending per meeting of the board and its sub-committees.				
31 Auditors' fees				
Annual statutory audit fees (including VAT)	690,000	460,000	1,035,000	761,875
Other audit fees (including VAT)	333,381	230,000	333,381	230,000
	1,023,381	690,000	1,368,381	991,875
32 Depreciation and repair of company's assets				
Freehold assets (Note-8 & 8 (b))	145,839,286	152,934,603	164,225,017	167,727,512
Repair and maintenance				
For premises & vehicles	4,760,199	5,944,500	6,502,177	9,051,364
For computers and computers accessories	19,414,959	20,236,321	22,374,315	23,169,406
	24,175,158	26,180,821	28,876,492	32,220,770
	170,014,444	179,115,424	193,101,509	199,948,282
33 Other expenses				
Bank charges	6,657,090	4,225,539	7,151,481	4,612,559
Books and periodicals	270,515	229,290	362,175	294,016
Car expenses	30,722,420	27,676,491	34,650,208	30,361,860
Donations and subscriptions	593,860	926,631	2,333,937	1,153,006
Medical & welfare expenses	17,825,322	22,153,006	19,126,991	23,460,266
Entertainment expenses	14,985,561	10,891,875	17,840,538	13,945,075
Consultancy fees	10,233,741	5,496,611	10,233,741	5,496,611
Office service expenses	84,755,788	78,648,595	105,399,803	97,185,011
Training expenses	13,797,528	13,547,208	24,505,923	14,185,072
Travel and conveyances	23,296,703	20,733,281	25,415,283	22,357,319
CDBL charges	900	30,060	1,398,729	507,238
Howla and Laga charge	-	-	61,975,600	31,982,499
Portfolio Management Charge	50,632,208	28,700,124	-	-
Sales Incentive	57,640,875	58,175,883	57,640,875	58,175,883
Repossession fees and others	41,930,577	26,978,001	42,150,359	28,910,834
	353,343,088	298,412,595	410,185,643	332,627,249

34 Operating Segment Report

Revenue and profit

	For the year 2017				
	Core financing business	Investment banking business	Brokerage business	Asset management business	Total
External revenue					
Net interest income	3,804,629,627	105,256,335	81,930,215	3,003,000	3,994,819,177
Investment income	516,904,081	276,369,399	255,817,499	33,406,504	1,082,497,483
Commission and brokerage	42,055,874	153,132,304	544,912,056	68,491,399	808,591,633
Other operating income	437,656,645	5,324,197	4,964,344	28,123	447,973,309
Inter-segment revenue/interest expense	(74,937,474)	59,834,384	(33,315,700)	(5,051,304)	(53,470,094)
Total Segment Revenue	4,726,308,753	599,916,619	854,308,414	99,877,722	6,280,411,508
Other operating expenses	1,788,319,626	82,815,051	303,826,866	53,644,359	2,228,605,902
Major non-cash expenses:					
Depreciation	145,839,286	6,604,267	8,136,360	52,282	160,632,195
Provision for future losses	228,165,960	4,644,941	-	-	232,810,901
Inter-segment expense	(50,632,208)	(383,085)	(2,454,801)	-	(53,470,094)
Total Segment Expense	2,111,692,664	93,681,174	309,508,425	53,696,641	2,568,578,904
Reportable segment profit before tax	2,614,616,089	506,235,445	544,799,989	46,181,081	3,711,832,604

	For the year 2016				
	Core financing business	Investment banking business	Brokerage business	Asset management business	Total
External revenue					
Net interest income	3,527,616,782	148,798,515	52,981,465	5,274,512	3,734,671,274
Investment income	323,468,796	79,156,432	70,747,438	2,609,125	475,981,791
Commission and brokerage	75,401,525	93,748,033	285,047,891	17,267,948	471,465,397
Other operating income	506,398,528	303,473	5,180,258	-	511,882,259
Inter-segment revenue/interest expense	(10,448,516)	(15,078,709)	(777,083)	(3,835,164)	(30,139,472)
Total Segment Revenue	4,422,437,115	306,927,744	413,179,969	21,316,421	5,163,861,249
Other operating expenses	1,525,646,910	72,042,466	214,047,011	9,777,751	1,821,514,138
Major non-cash expenses:					
Depreciation	152,934,603	6,604,267	8,136,360	52,282	167,727,512
Provision for future losses	173,448,519	(17,672,689)	-	-	155,775,830
Inter-segment expense	(28,700,124)	-	-	(1,439,348)	(30,139,472)
Total Segment Expense	1,823,329,908	60,974,044	222,183,371	8,390,685	2,114,878,008
Reportable segment profit before tax	2,599,107,207	245,953,700	190,996,598	12,925,736	3,048,983,241

Segment assets and liabilities

	For the year 2017				
	Core financing business	Investment banking business	Brokerage business	Asset management business	Total
External assets					
Total assets	92,610,982,518	4,838,156,060	4,135,974,638	178,816,816	101,763,930,032
Inter-segment assets	(5,189,936,253)	(34,150,000)	(801,033,333)	(51,867,355)	(6,076,986,941)
Total Segment Assets	87,421,046,265	4,804,006,060	3,334,941,305	126,949,461	95,686,943,091
External liabilities					
Total liabilities	82,041,885,742	1,027,850,542	2,129,234,044	29,302,154	85,228,272,482
Inter-segment liabilities	(698,184,987)	(1,440,623,271)	-	-	(2,138,808,258)
Total Segment Liabilities	81,343,700,755	(412,772,729)	2,129,234,044	29,302,154	83,089,464,224

	For the year 2016				
	Core financing business	Investment banking business	Brokerage business	Asset management business	Total
External assets					
Total assets	76,505,145,476	2,599,030,502	2,145,143,866	118,559,544	81,367,879,388
Inter-segment assets	(1,858,822,490)	(37,950,000)	(100,000,000)	(60,024,214)	(2,056,796,704)
Total Segment Assets	74,646,322,986	2,561,080,502	2,045,143,866	58,535,330	79,311,082,684
External liabilities					
Total liabilities	68,900,608,326	1,016,493,677	966,627,165	8,131,981	70,891,861,149
Inter-segment liabilities	(101,310,897)	(308,822,700)	(108,484,424)	-	(518,618,021)
Total Segment Liabilities	68,799,297,429	707,670,977	858,142,741	8,131,981	70,373,243,128

35 Tax expenses

35.1 Current 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% on taxable income. Adequate provision has been made for disputed tax against which appeal has been made and decision is pending.

35.2 Deferred tax

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 Bangladesh Accounting Standard 12 "Income Taxes".

	IDLC Finance Limited		IDLC Group	
	2017	2016	2017	2016
	Taka	Taka	Taka	Taka

35.3 Average effective tax rate

The average effective tax rate is calculated below as per Bangladesh Accounting Standard (BAS) 12: "Income Taxes".

Tax expenses (A)	1,056,881,248	1,084,447,203	1,434,712,811	1,268,687,925
Accounting profit before tax (B)	2,638,921,355	2,580,855,599	3,711,832,604	3,048,983,241
Average effective tax rate (A÷B)	40.05%	42.02%	38.65%	41.61%

36 Earnings Per Share (EPS)

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

Basic earnings per share has been calculated as follows:

Earnings attributable to ordinary shareholders (Net profit after tax) (A)	1,582,040,107	1,496,408,396	2,277,119,177	1,780,295,096
Weighted average number of ordinary shares outstanding during the year (B)	371,384,449	324,019,728	371,384,449	324,019,728
Earnings Per Share (A÷B)	4.26	4.62 *	6.13	5.49 *

*Earning per share is required to be calculated based on adjustment factor, as there was issuance of right issue during the year.

37 Net Asset Value (NAV) Per Share

Net Asset (total assets less total liabilities) (A)	10,569,096,776	7,604,537,150	12,597,478,867	8,937,839,556
Total number of ordinary shares outstanding (B)	377,050,780	377,050,780	377,050,780	377,050,780
Net Asset Value per share (NAV) (A÷B)	28.03	20.17	33.41	23.70

38. Net Operating Cash Flows Per Share (NOCFPS)

Net cash flows from operating activities (A)	4,546,641,887	(2,597,903,661)	7,448,994,670	(1,197,435,789)
Total number of ordinary shares outstanding (B)	377,050,780	377,050,780	377,050,780	377,050,780
Net operating cash flows per share (NOCFPS) (A÷B)	12.06	(6.89)	19.76	(3.18)

SL no.	Name of the Director	Status in IDLC	Name of the firms/companies in which interested is the proprietor, partner, director, managing agent, guarantor, employee etc.	Status in interested entity	(%) of Holding/Interest in the concern as on 31.12.16
9.	Mr. Atiqur Rahman	Director	Transcom Limited M. Rahman Tea Co. Limited Monipur Tea Co. Limited Marina Tea Co. Limited W. Rahman Jute Mills Heritage Agro Farms Limited Reliance Insurance Limited	Group Finance Director	- 7.29% 3.66% 8.11% 0.01% 5.00% -
10.	Mr. Shahidul Ahsan	Director	AG Agro Industries Limited AG Property Developments Limited Regent Holding Developments Limited AG High Tech Limited AG Limited AG Ceramics Limited AG Green Property Development Ltd. AG Fashion & Textile Limited AG Ship Breaking Industries M/s. Friends Traders R.N.S. Corporation Mercantile Bank Limited Mercantile Bank Securities Limited National Credit Ratings Limited Swadesh Life Insurance Company Ltd Meghna Bank Ltd	Chairman Chairman Chairman Chairman Chairman Chairman Chairman Chairman Proprietor Proprietor Proprietor Sponsor Director Sponsor Director Sponsor Director Sponsor Director Sponsor Shareholder	70.00% 60.00% 70.00% 45.00% 50.00% 70.00% 70.00% 40.00% 100.00% 100.00% 100.00% - - - - -
11.	Mr. Niaz Habib	Independent Director	-	-	-
12.	Mr. Matiul Islam Nowshad CMgr, FCMI	Independent Director	Robi Axiata Limited edotco Bangladesh Company Ltd.	Chief Corporate & People Officer Share Holder (nominee) holding one share on trust from Robi Axiata	- Tk. 10 Share

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

c. Related party transactions

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

Details of transactions with related parties and balances with them as at December 31, 2017 were as follows:

Name of the related party	Transaction nature	Relationship	Balance at year end			December 31, 2017
			Balance as at January 1, 2017	Addition	Adjustment	
			Taka	Taka	Taka	Taka
The City Bank Limited	Term Deposit	Sponsor shareholder	(3,000,000,000)	(2,590,000,000)	3,000,000,000	(2,590,000,000)
	Subordinated Bond	Sponsor shareholder	313,000,000	-	(78,250,000)	234,750,000
	Term Deposit		-	(97,098,917)	-	(97,098,917)
Mercantile Bank Limited	Term Deposit	Shareholder	(600,000,000)	-	600,000,000	-
	Subordinated Bond	Shareholder	300,000,000	-	(60,000,000)	240,000,000
Transcom group	Lease/Loan	Shareholder	7,420,825	-	(4,160,411)	3,260,414
	Term Deposit	Shareholder	(1,124,593,644)	(284,107,132)	504,203,183	(904,497,594)
Reliance Insurance Limited	Term Deposit	Shareholder	(182,500,000)	(24,500,000)	81,500,000	(125,500,000)
Directors & their families	Lease/Loan	Shareholder	1,934,276	791,915	(479,896)	2,246,295
	Term Deposit	Shareholder	(58,794,422)	(9,557,390)	18,636,842	(49,714,969)
			(4,343,532,966)	(3,004,471,525)	4,061,449,719	(3,286,554,772)

d. Share issued to Directors and executives without consideration or exercisable at a discount - Nil

e. Lending policy to related parties

Related parties are allowed Loans and Advances as per General Loan Policy of the Company.

f. Loans, advances and leases to Directors and their related concern

<u>Name of the related party</u>	<u>Transaction nature</u>	<u>Classification status</u>	<u>Provision kept</u>	<u>Security amount</u>
Transcom group	Lease/Loan	Standard	32,895	295,970
AG Agro Industries Ltd.	Lease/Loan	Standard	1,986	141,710
Mahbubur Rahman	Lease/Loan	Standard	14,583	-

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

40 Receivable from Directors

The Company have receivable from Directors of the Company amounting taka 5,506,708 as at December 31, 2017.

41 Disclosure on Audit committee

a. Particulars of audit committee

The Audit Committee of the Board was duly constituted by the Board of Directors of the Company in accordance with the Bangladesh Bank's DFIM circular no. 13 dated October 26, 2011 and Bangladesh Securities and Exchange Commission notification ref. no. SEC/CMRRC/2006-158/129/Admin/43, dated July 03, 2012.

The Audit Committee of the Board of Directors as of 31 December 2017 consisted of the following members of the Board:

<u>Name</u>	<u>Status at the Company</u>	<u>Status at committee</u>
Mr. Monower Uddin Ahmed	Independent Director	Chairman
Mr. Mohammad Mahbubur Rahman FCA	Director	Member
Mr. Md. Kamrul Hassan, FCA	Director	Member
Mr. Syed Shahriyar Ahsan	Director	Member

The company secretary is to act as the Secretary of the Audit Committee .

<u>Meeting No</u>	<u>Held on</u>
53rd	20-Feb-2017
54th	27-Mar-2017
55th	25-Apr-2017
56th	25-May-2017
57th	19-Jul-2017
58th	16-Oct-2017
59th	27-Nov-2017

c. Six meetings of the audit committee were held during the year 2017 where it carried out the following tasks:

- i) Reviewed internal audit reports issued by the Internal Control and Compliance Department during the year 2016
- ii) Reviewed the report of the Audit Committee for 2016 prior to publication in the annual report 2016
- iii) Reviewed and approved annual audit plan of Internal Control and Compliance Department for the year 2017
- iv) Recommended for appointment of external auditors for the year 2017
- v) Discussed the financial statements for the year ended December 31, 2016 with external auditors and management prior to their finalization as per DFIM circular number 13 dated October 26, 2011 issued by Bangladesh Bank ;
- vi) Reviewed the financial statements of IDLC Finance Limited for the year ended December 31, 2016 as per clause no. 3.3 (v) of Corporate Governance Guidelines (CGG) issued by Bangladesh Securities and Exchange Commission;
- vii) Reviewed the management letter issued by ACNABIN, Chartered Accountants, statutory auditors of the company based on annual audit of financial statements of IDLC Finance Limited for the year ended December 31, 2016
- viii) Reviewed Bangladesh Bank core risk inspection report as of June 30, 2016 and management responses thereon
- ix) Reviewed unaudited quarterly financial statements of IDLC Finance Limited and its subsidiaries for the first quarter ended March 31, 2017
- x) Reviewed Finance and Accounting Manual of IDLC Finance Limited
- xi) Reviewed half-yearly unaudited financial statements of IDLC Finance Limited and its subsidiaries for the half-year ended on June 30, 2017
- xii) Reviewed unaudited quarterly financial statements of IDLC Finance Limited and its subsidiaries for the third quarter ended September 30, 2017
- xiii) Reviewed Bangladesh Bank's comprehensive inspection report on Corporate Head Office of IDLC Finance Limited based on information as of December 31, 2016 and management responses thereon

42 Foreign remittance

There were no foreign remittance during the year 2017.

43 Number of employees

The Company paid an aggregate amount more than Taka 36,000 per annum to 1,138 employees, who were in employment for full year or part of the year. (2016: 1,099)

44 Events after the reporting period

44.1 Dividend for the year 2017

The Board of Directors at the 265th Board Meeting held on February 14, 2018, recommended to the shareholders a cash dividend @ 30% i.e. Taka 3.00 per share (amounting to Taka 1,131,152,340). This will be considered for approval by the shareholders at the 33th Annual General Meeting (AGM) to be held on March 29, 2018.

45 General

45.1 The Company publishes its quarterly accounts as per the Bangladesh Securities and Exchange Commission (BSEC) Notification No. SEC/CMRRCD/2008-183/Admin/03-34, dated September 27, 2009.

45.2 The Company does not have any restriction on distribution and payment of dividends.

45.3 During the year under report, no matters were submitted to a vote of shareholders of the Company.

45.4 Previous year's figures have been rearranged where necessary to conform to current year's presentation.

Sd/-
Chairman
Dhaka
14 February, 2018

Sd/-
Director

Sd/-
CEO & Managing Director

Sd/-
Company Secretary

Fixed assets including land, building, furniture and fixtures-for 2017

(Annexure A)

Asset category	Cost				Rate	Depreciation				Written down value at December 31, 2017
	Balance at January 1, 2017	Addition during the year	Disposal/ adjustment during the year	Balance at December 31, 2017		Balance at January 1, 2017	Charged for the year	Adjustment during the year	Balance at December 31, 2017	
	Taka	Taka	Taka	Taka		Taka	Taka	Taka	Taka	
Free hold assets:										
Land	26,958,470	-	-	26,958,470	-	-	-	-	-	26,958,470
Building	207,519,303	-	-	207,519,303	2.50	20,749,118	5,187,983	-	25,937,101	181,582,202
Furniture and fixtures	80,113,694	11,856,586	(1,654,421)	90,315,859	12.50	28,392,735	9,517,012	(1,201,733)	36,708,013	53,607,847
Electrical equipment	73,366,607	11,512,907	(3,842,089)	81,037,425	20.00	44,116,701	9,066,281	(3,374,124)	49,808,858	31,228,567
Curtain and carpets	4,068,398	1,024,451	(449,950)	4,642,899	33.33	2,105,442	1,094,755	(292,981)	2,907,215	1,735,684
Office equipment	91,913,364	31,230,640	(1,733,923)	121,410,081	20.00	71,957,365	12,018,105	(1,733,778)	82,241,692	39,168,389
Office decoration	121,069,649	30,980,029	(2,361,829)	149,687,850	20.00	56,697,601	18,645,106	(2,361,689)	72,981,018	76,706,832
Computers	133,051,766	38,350,977	-	171,402,743	20.00	77,593,707	18,444,200	-	96,037,907	75,364,836
Software (Office Operation)	31,905,836	1,136,658	-	33,042,494	33.33	22,398,904	5,769,902	-	28,168,806	4,873,688
Software (Business Operation)	137,540,494	-	-	137,540,494	20.00	121,877,160	12,061,935	-	133,939,095	3,601,399
Telephone and telex	9,329,361	1,817,817	(564,684)	10,582,494	33.33	7,303,848	1,380,244	(414,317)	8,269,774	2,312,720
Motor vehicles	288,539,155	23,137,060	(43,044,544)	268,631,671	25.00	145,270,908	52,653,764	(29,408,441)	168,516,231	100,115,440
Total 2017	1,205,376,097	151,047,125	(53,651,439)	1,302,771,783		598,463,488	145,839,286	(38,787,063)	705,515,711	597,256,072

Fixed assets including land, building, furniture and fixtures-for 2016

Asset category	Cost				Rate	Depreciation				Written down value at December 31, 2016
	Balance at January 1, 2016	Addition during the year	Disposal/ adjustment during the year	Balance at December 31, 2016		Balance at January 1, 2016	Charged for the year	Adjustment during the year	Balance at December 31, 2016	
	Taka	Taka	Taka	Taka		Taka	Taka	Taka	Taka	
Free hold assets:										
Land	26,958,470	-	-	26,958,470	-	-	-	-	-	26,958,470
Building	205,519,303	2,000,000	-	207,519,303	2.50	15,598,636	5,150,483	-	20,749,118	186,770,184
Furniture and fixtures	51,475,263	40,755,272	(12,116,841)	80,113,694	12.50	31,307,358	7,797,276	(10,711,900)	28,392,735	51,720,960
Electrical equipment	57,051,909	27,534,572	(11,219,874)	73,366,607	20.00	46,629,612	7,771,305	(10,284,216)	44,116,701	29,249,906
Curtain and carpets	3,010,870	2,000,264	(942,735)	4,068,398	33.33	1,947,980	860,633	(703,171)	2,105,442	1,962,957
Office equipment	77,209,996	21,089,129	(6,385,761)	91,913,364	20.00	67,347,501	10,841,952	(6,232,089)	71,957,365	19,956,000
Office decoration	75,235,211	61,125,795	(15,291,356)	121,069,649	20.00	58,128,473	13,388,873	(14,819,746)	56,697,601	64,372,049
Computers	114,322,238	18,729,528	-	133,051,766	20.00	63,073,657	14,520,050	-	77,593,707	55,458,059
Software (Office Operation)	25,893,214	6,012,622	-	31,905,836	33.33	16,858,760	5,540,143	-	22,398,904	9,506,932
Software (Business Operation)	132,395,647	5,144,847	-	137,540,494	20.00	94,883,546	26,993,614	-	121,877,160	15,663,334
Telephone and telex	9,669,586	1,609,805	(1,950,029)	9,329,361	33.33	7,653,042	1,311,136	(1,660,331)	7,303,848	2,025,513
Motor vehicles	263,426,582	95,252,458	(70,139,885)	288,539,155	25.00	136,376,365	58,759,138	(49,864,594)	145,270,908	143,268,247
Total 2016	1,042,168,288	281,254,291	(118,046,481)	1,205,376,097		539,804,931	152,934,603	(94,276,047)	598,463,488	606,912,609

A.1 Details of disposals/adjustments-for 2017

Asset category	Cost	Accumulated depreciation	Book value	Sale price/ adjustment	Profit/(loss) on disposal	Mode of disposal	Buyer
	Taka	Taka	Taka	Taka	Taka		
Free hold assets :							
Furniture and fixtures	1,654,421	(1,201,733)	452,687	447,451	(5,237)	As per policy of the Company	Employees/Outsider
Electrical equipment	3,842,089	(3,374,124)	467,965	743,389	275,424	As per policy of the Company	Employees/Outsider
Curtain and carpets	449,950	(292,981)	156,969	170,856	13,888	As per policy of the Company	Employees
Office decoration	2,361,829	(2,361,689)	140	9,555	9,415	As per policy of the Company	Outsider
Office equipment	1,733,923	(1,733,778)	145	337,240	337,095	As per policy of the Company	Employees/Outsider
Telephone and telex	564,684	(414,317)	150,366	169,496	19,129	As per policy of the Company	Employees/Outsider
Motor vehicles	43,044,544	(29,408,441)	13,636,103	25,687,826	12,051,723	As per policy of the Company	Outsider
Total 2017	53,651,439	(38,787,063)	14,864,376	27,565,812	12,701,436		

A(a) Consolidated fixed assets including land, building, furniture and fixtures-for 2017

Asset category	Cost				Rate	Depreciation			Written down value at December 31, 2017
	Balance at January 1, 2017	Addition during the year	Disposal/ adjustment during the year	Balance at December 31, 2017		Balance at January 1, 2017	Charged for the year	Adjustment during the year	
	Taka	Taka	Taka	Taka	%	Taka	Taka	Taka	Taka
Free hold assets:									
Land	26,958,470	-	-	26,958,470	-	-	-	-	26,958,470
Building	207,519,303	-	-	207,519,303	2.50	20,749,118	5,187,983	-	181,582,202
Furniture and fixtures	97,374,689	13,293,973	(2,094,644)	108,574,018	12.50	36,472,604	11,531,461	(1,631,598)	62,201,552
Electrical equipment	95,970,699	13,827,614	(3,842,089)	105,956,223	20.00	64,113,090	9,990,991	(3,374,124)	35,226,267
Curtain and carpets	5,109,062	1,261,731	(486,285)	5,884,508	33.33	2,855,226	1,294,347	(329,311)	2,064,246
Office equipment	125,458,984	34,504,408	(2,444,035)	157,519,357	20.00	102,790,783	12,941,045	(2,443,875)	44,231,404
Office decoration	150,272,999	36,013,543	(5,132,832)	181,153,710	20.00	72,403,675	22,221,897	(5,124,367)	91,652,505
Computers	151,998,424	43,121,104	-	195,119,528	20.00	92,449,197	20,288,839	-	82,381,492
Software (Office Operation)	39,708,911	3,573,962	-	43,282,873	33.33	28,244,756	7,181,286	-	7,856,830
Software (Business Operation)	137,540,494	1,705,103	-	139,245,597	20.00	121,877,160	12,239,461	-	5,128,976
Telephone and telex	12,508,526	2,308,112	(869,684)	13,946,953	33.33	9,897,557	1,761,944	(667,563)	2,955,015
Motor vehicles	326,451,426	38,383,709	(47,059,944)	317,775,191	25.00	170,745,467	59,585,764	(33,109,006)	120,552,966
Total 2017	1,376,871,985	187,993,259	(61,929,512)	1,502,935,732		722,598,634	164,225,017	(46,679,844)	840,143,807

Consolidated Fixed assets including land, building, furniture and fixtures-for 2016

Asset category	Cost				Rate	Depreciation				Written down value at December 31, 2016
	Balance at January 1, 2016	Addition during the year	Disposal/ adjustment during the year	Balance at December 31, 2016		Balance at January 1, 2016	Charged for the year	Adjustment during the year	Balance at December 31, 2016	
	Taka	Taka	Taka	Taka	%	Taka	Taka	Taka	Taka	Taka
Free hold assets:										
Land	26,958,470	-	-	26,958,470		-	-	-	-	26,958,470
Building	205,519,303	2,000,000	-	207,519,303	2.50	15,598,636	5,150,483	-	20,749,118	186,770,184
Furniture and fixtures	65,474,845	48,233,256	(16,333,412)	97,374,689	12.50	40,672,250	9,462,197	(13,661,843)	36,472,604	60,902,085
Electrical equipment	80,716,999	29,481,824	(14,228,125)	95,970,699	20.00	68,472,125	8,714,474	(13,073,509)	64,113,090	31,857,609
Curtain and carpets	3,788,572	2,295,705	(975,215)	5,109,062	33.33	2,544,993	1,026,034	(715,801)	2,855,226	2,253,836
Office equipment	113,268,398	22,859,436	(10,668,850)	125,458,984	20.00	100,653,748	12,444,764	(10,307,729)	102,790,783	22,668,201
Office decoration	100,694,182	73,424,784	(23,845,967)	150,272,999	20.00	79,532,573	15,444,220	(22,573,118)	72,403,675	77,869,323
Computers	134,107,076	18,950,528	(1,059,180)	151,998,424	20.00	77,756,690	15,751,576	(1,059,070)	92,449,197	59,549,227
Software (Office Operation)	33,042,024	6,666,887	-	39,708,911	33.33	21,144,222	7,100,534	-	28,244,756	11,464,155
Software (Business Operation)	132,395,647	5,144,847	-	137,540,494	20.00	94,883,546	26,993,614	-	121,877,160	15,663,334
Telephone and telex	12,714,245	2,103,169	(2,308,888)	12,508,526	33.33	10,237,760	1,617,550	(1,957,753)	9,897,557	2,610,968
Motor vehicles	299,765,954	101,275,357	(74,589,885)	326,451,426	25.00	159,850,490	64,022,066	(53,127,089)	170,745,467	155,705,959
Total 2016	1,208,445,716	312,435,792	(144,009,522)	1,376,871,985		671,347,033	167,727,512	(116,475,911)	722,598,634	654,273,352