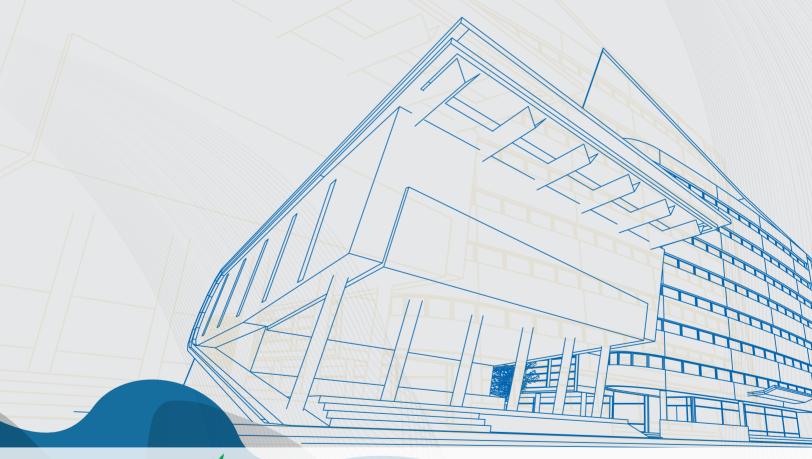
ANNUAL REPORT 2022

Towards Financial Sustainability







Look Back

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

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



CORPORATE PROFILE

Corporate Status

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

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

Address

Contact Details

Phone: 02-223382353, 02-223382342

09611016647, Fax: 02-223388987

Hotline: 16647

Website: iidfc.com, E-mail: info@iidfc.com

4 (Four) Branches

Number of Branches

Branch Location

Dhaka, Chattogram, Uttara and Narayanganj

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

Major Business Area

Page- 02

IIDFC LIMITED | ANNUAL REPORT-2022



SUBSIDIARIES OF IIDFC

IIDFC Securities Limited

A TREC Holder of Dhaka Stock Exchange Limited



CORPORATE STATUS:

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

CONTACT DETAILS:

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

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

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





NUMBER OF BRANCHES & EXTENSION OFFICE:

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

BRANCH & EXTENSION OFFICE LOCATION:

Dhaka, Chattogram, Gulshan and Nikunja.

MAJOR BUSINESS AREA:

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



IIDFC Capital Limited

A full-fledged Merchant Bank



CORPORATE STATUS:

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

CONTACT DETAILS:

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

PABX: +880-2-9514637-8, FAX: +880-2-9514641 Email: icl@iidfc.com, Website: www.iidfccapitalltd.com





BUSINESS:

Merchant Banking and Advisory Service

MAJOR BUSINESS AREA:

Portfolio Management, Issue Management Underwriting and Corporate Advisory Service





TABLE OF CONTENTS

Notice of the 22 nd Annual General Meeting	05
Integrated Report	06
Profile of the Company	08
Vision & Mission	09
Strategic Business Objectives	10
Core Values	11
Ethical Principles	12
Shareholding Structure	13
Milestone Events	14
Products and Services	16
Directors' Report	18
From the Desk of Managing Director	24
Brief Profile of Directors	27
Management Committee	37
Senior Executives & Line Managers	38
Risk Management & Control Environment	39
Financial Highlights	46
Key Operating & Financial Highlights	47
Sector-wise Exposure	48
Sources of Fund & Our Bankers	49
Disclosure on Capital Adequacy & Market Discipline	50
Sustainability Report	57
Corporate Social Responsibility (CSR) Initiatives of IIDFC	59
Environmental Reporting	60
Obligations to the Society and Environment	60
Contribution Towards Achieving SDGs	61
Corporate Governance	63
Board of Directors	64
Management Committee and its Sub-Committees	70
Ethics and Code of Conduct Guideline	71
Reports & Financial Statements	76
Report of the Managing Director and the Head of Finance & Accounts (CC)	77
Independent Auditor's Report	78
Consolidated Financial Statements	
Consolidated Balance Sheet	84
Consolidated Profit & Loss Account	86
Consolidated Cash Flow Statement	87
Consolidated Statement of Changes in Equity	88
Financial Statements-IIDFC Limited	
Balance Sheet	89
Profit & Loss Account	91
Cash Flow Statement	92
Statement of Changes in Equity	93
Liquidity Statement	94
Reports & Financial Statements- Subsidiary Companies	
IIDFC Capital Limited	142
IIDFC Securities Limited	174
Photographs from IIDFC's Album	216
Proxy Form	223

Page- 04 IIDFC LIMITED ANNUAL REPORT-2022



Notice of the 22nd Annual General Meeting

Notice is hereby given to all shareholders of **Industrial and Infrastructure Development Finance Company Limited** (the "Company") that the 22nd Annual General Meeting (AGM) of the Shareholders of the Company will be held on **Tuesday, 28 November 2023 at 11.30 a.m.** through video conference (ZOOM) to transact the following businesses:

A. ORDINARY BUSINESS:

- 1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended December 31, 2022 along with Auditors' Report and Directors' Report thereon;
- 2. To approve dividend for the year ended December 31, 2022 as recommended by the Board of Directors;
- 3. To elect/re-elect Directors of the Company retired by rotation;
- 4. To appoint auditors of the Company for the year 2023 and to fix their remuneration; and
- 5. To transact any other business with the permission of the Chair.

B. SPECIAL BUSINESS:

To change the registered name of the Company from "Industrial and Infrastructure Development Finance Company Limited" to "IIDFC PLC." in accordance with the provision of the Companies Act, 1994 (2nd amendment 2020) and to amend the relevant Clause of the Memorandum and Articles of Association of the Company by adopting the following special resolution with or without modification.

"RESOLVED THAT the proposal for changing the registered name of the company from 'Industrial and Infrastructure Development Finance Company Limited' to 'IIDFC PLC.' be and hereby approved, subject to approval of the Regulatory Authorities."

"FURTHER RESOLVED THAT the new registered name of the Company 'IIDFC PLC.', will be replaced in all places of the Memorandum & Articles of Association where-in the word 'Industrial and Infrastructure Development Finance Company Limited' is mentioned."

"FURTHER RESOLVED THAT a new printed Memorandum and Articles of Association of the company containing all amendments made up to this date in substitution of the existing Memorandum and Articles of Association be and are hereby adopted as Memorandum and Articles of Association of the company and the same to be filed with the Registrar of Joint Stock Companies & Firms, Dhaka, Bangladesh."

"FURTHER RESOLVED THAT the Managing Director is authorized to sign all documents relating to the Registrar of Joint Stock Companies & Firms Dhaka, Bangladesh and other respective Govt Authorities regarding Change of Company name and alteration of the Memorandum of Association of the Company."

All Shareholders are requested to attend in the meeting.

Dated, Dhaka 08 November 2023 By order of the Board of Directors, Sd/-Mohammad Neazur Rahman Company Secretary

NOTES:

- 1. Any member entitled to attend and vote at the General Meeting may appoint a proxy to attend and vote on his/her behalf. The Proxy Form, duly filled-in and stamped, must be submitted at least 48 (forty-eight) hours before the time scheduled for holding the General Meeting at Metropolitan Chamber Building (6th Floor), 122-124 Motijheel C/A, Dhaka-1000.
- 2. Members are requested to notify change of address, if any, to the Company.
- 3. Directors' report and Audited Financial Statements of the Company for the year ended December 31, 2022 together with Auditors' Report thereon shall be available in the Annual Report 2022 which will be sent to the Shareholders' respective address.
- 4. The link of virtual meeting to participate in the AGM shall also be notified to the valued Shareholder's respective email address in due course. For any help related with the log in process, the respected Shareholders may contact at +8801740650521.

INTEGRATED REPORT

For better understanding of all stakeholders including shareholders, employees, customers, suppliers, business partners, local communities, regulators and policy-makers, we are delighted to publicize "Integrated Report" with the Annual Report 2022 of IIDFC Limited and its fully owned subsidiaries namely IIDFC Securities Limited and IIDFC Capital Limited.

Purpose

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

Recipient

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

Range of the report

The report covers the period of one year from 01 January 2022 to 31 December 2022. It includes the primary activities of IIDFC, our business mix, key support areas and subsidiaries' operations. The report ranges beyond financial reporting and includes non-financial performance, opportunities, risks and outcomes attributable to or associated with our key stakeholders, which have a significant influence on our ability to create value. We also present information relevant to the way we create value for other key stakeholders, including our staff, clients, regulators and society.

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

In line with requirements of the following regulators and legislations, we are explaining Company's operations and financial performance in the Audited Financial Statements for the year ended 31 December 2022:

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

Key concepts

Value creation

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

Materiality

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

Our capitals

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

Page- 06 IIDFC LIMITED ANNUAL REPORT-2022

Financial

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

Personnel

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

Infrastructure

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

Intellectual Property

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

Uniformity and Consistency

In order to draw meaningful conclusions about the trends of IIDFC's financial performance and position over time, we prepared the financial statements for the year 2022 on the same basis as we prepared in the year 2021. We applied same accounting policies, standards and calculating methods consistently from one period to another in order to improve the reliability and relevance of financial statements. We also complied similar accounting policies of the same line of business of the Country.

Outside Assurance Associates of IIDFC

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

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

Dissemination and Availability of Auditors' Report for the Stakeholders

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

Management Acknowledgement

The Management acknowledges its responsibility of:-

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





Page- 08 IDFC LIMITED ANNUAL REPORT-2022





VISION OF IIDFC:

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



MISSION OF IIDFC:

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

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



Business

STRATEGIC BUSINESS OBJECTIVES

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

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

Page- 10 IIDFC LIMITED ANNUAL REPORT-2022



Strategy

CORE VALUES

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

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



ETHICAL PRINCIPLES

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

Principle 1: Competence

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

Principle 2: Integrity

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

Principle 3: Fairness

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

Principle 4: Confidentiality

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

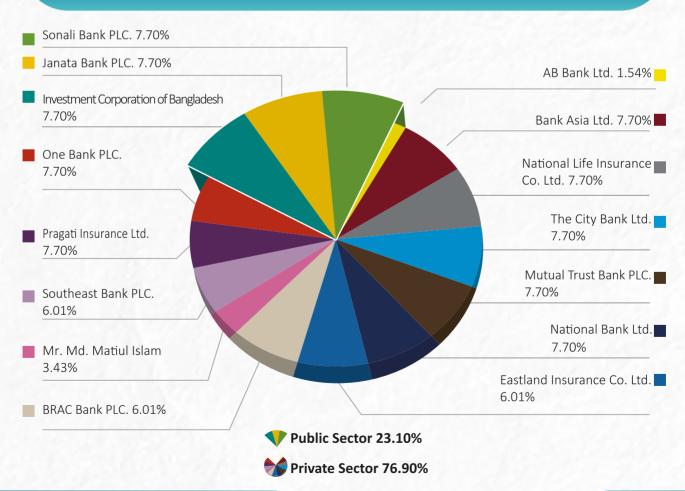
Principle 5: Objectivity

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





SHAREHOLDING STRUCTURE



MILESTONE EVENTS

	MILLS CALL LA		
2000	Incorporation with RISC, Bangladesh.		
2001	Issuance of License by Bangladesh Bank as Non-Bank Financial Institution.		
	Commencement of commercial operation.		
2003	Launching of first ever Zero Coupon Bond by IIDFC in Bangladesh.		
2004	Syndication of 1st commercial loan of BDT 100 crore for BRAC.		
2006	Term Loan Syndication for Warid Telecom International Ltd. [BDT 300 Crore] signed in Abu Dhabi.		
2008	Opening of 2 nd Branch in Chattogram on 28 August 2008.		
2009	9 Commencing operation of Brokerage Services.		
_	Signed agreement with the World Bank & Govt. of Denmark for delivery of 250,000 tons of Carbon Emission Reductions (CER) generated by IIDFC's CDM Project for environment-friendly brick manufacturing.		
	Formation of IIDFC Capital Limited.		
	IIDFC's CDM project got recognition at the 15th Global Climate Conference (COP 15) held at Copenhagen, Denmark.		
	Introduction of first ever ACI Convertible Zero Coupon Bond in Bangladesh (BDT 100 Crore).		
2010	IIDFC was awarded "HSBC-Daily Star Climate Change Mitigation Award-2010" for developing the best climate change mitigation project in the Country.		
2011	Signing of agreement between IIDFC and National Small Industries Corporation Ltd. (NSIC), India for the development of small industries in Bangladesh.		
_	Organizing a SME Technology Fair by IIDFC and NSIC on 2011 to accommodate collaboration between SMEs of the two countries.		
-	First ever CDM Project in the brick manufacturing sector of Bangladesh got registered with UNFCCC (August 18, 2011) with IIDFC acting as the Bundling Agent and Focal Point.		
2012	Signing of a US\$ 6 million loan facility with the Asian Development Bank (November 15, 2012) to improve industrial energy efficiency in 6 different sectors of Bangladesh.		
2014	Arranged Term Loan Facility of BDT 1,000.4 million and USD 6.35 million for Fiber @ Home under syndication arrangement, which is first ever World Bank Financing in IT sector through IPFF cell of Bangladesh Bank.		
2015	Arranged BDT 3,420.00 million through issuance of 8 (eight) Commercial Papers (both in secured and unsecured mode) for different economic sectors i.e. Textile, Automobile, Steel & Iron and ICT sector.		
	Arrangement of Tier II Capital for Social Islami Bank Limited through issuance of SIBL Mudaraba Subordinated Bond of BDT 3,000.00 million.		
-	IIDFC entered into an Agreement (CERPA) with ADB to sell 160,000 tons of Emissions Reduction during 2016-2020 generated by its 2 Energy Efficient Brick Manufacturing CDM projects on 09 April, 2015.		
2016	IIDFC became a Participatory Financing Institution in the "PPP Financing Partnership Program" through signing a MoU with "PPP Authority" on November 3, 2016.		
-	Opening of 3 rd Branch at Uttara, Dhaka on May 05, 2016.		
	Invited by the World Bank, IIDFC participated in the Carbon Expo 2016 held in Cologne, Germany and showcased the benefits of its Clean Development Mechanism (CDM) Brick Manufacturing project and emphasized on the necessity of large-scale GHG mitigation projects in Bangladesh.		
	IIDFC participated in the BRICS Annual Financial Summit held in Goa, India on October 14-16, 2016 and focused on the scopes of future collaboration between the financial institutions of BRICS member countries.		
2017	Opening of 4 th & 5 th Branch at Keraniganj and Gazipur on April 30, 2017 and May 23, 2017 respectively.		
2018	IIDFC signed Master Facility Agreement (MFA) with Bangladesh Bank as PFI (Participatory Financial Institution) in IPFF-II (Investment Promotion and Financing Facility I!) project. The project is facilitated by Bangladesh Bank and Funded by the World Bank (IDA).		
	Opening of 6 th & 7 th Branch in Narayanganj and Savar on January 28, 2018 and March 27, 2018 respectively.		

MILESTONE EVENTS

- 2019 IIDFC became a financing partner to the syndication facility of BDT 250.00 million under IPFF II raised for Bangladesh Technocity Limited. The Governor of Bangladesh Bank handed over the IPFF II Fund cheque to the Managing Director of IIDFC Ltd.
- 2020 IIDFC Ltd, successfully arranged IPFF II Fund and Commercial Fund of BDT 3.95 billion jointly with NDB Capital Limited for Meghna Industrial Economic Zone Limited (MIEZL)- the first private sector economic zone under BEZA. IIDFC also participated for BDT 366.98 million in the syndication facility under IPFF.
- 2021 IIDFC Ltd. successfully arranged IPFF II Fund of BDT 3.25 billion jointly with NDB Capital Limited for Summit Communications Limited. IIDFC also participated for BDT 295.50 million in the Syndication facility under IPFF II.
- 2022 IIDFC won International Award on Environmental Development. The award was presented by the Philippines-based Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) on October 26th, 2022.



PRODUCTS AND SERVICES

SME Finance



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

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

Corporate Finance



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

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

Structured Finance



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

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

Consumer Finance



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

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

Page- 16]]]])))) ANNUAL REPORT-2022

PRODUCTS AND SERVICES

Carbon Finance & Green Finance



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

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

Deposit Schemes



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

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



DIRECTORS' REPORT

Introduction

 Dear Shareholders and Stakeholders, Assalamu 'Alaikum Wa Rahmatullah.

I extend a warm welcome to each of you at the 22nd Annual General Meeting (AGM) of IIDFC Limited. On behalf of the Board of Directors, it is my privilege to present the Audited Financial Statements of the Company for the fiscal year ending on 31st December 2022. These statements encompass crucial components such as the Balance Sheet as of 31st December 2022, Profit and Loss Account, Cash Flow Statement, Statement of Changes in Equity for the year ended 31st December 2022, Liquidity Statement as of the same date, and the Auditors' professional opinion thereon. Your attendance and participation in this significant event are highly appreciated, and I look forward to sharing the financial insights and achievements of IIDFC Limited throughout 2022.

Present Economic Challenges The global economy is currently grappling with multifaceted challenges and uncertainties, marked by record-high inflation, tightening financial conditions across most regions, the Ukraine-Russia conflict, and lingering disruptions in post-pandemic supply chains. Bangladesh, akin to numerous other nations, finds itself navigating through these intricate economic challenges. In particular, the Bangladeshi economy has encountered a substantial current account deficit since the last quarter of the fiscal year 2022, stemming from exceptionally high import payments and subdued inward remittances.

The pronounced escalation in the current account deficit has exerted significant depreciative pressure on the Bangladeshi Taka (BDT) against the US Dollar (USD). In response to this challenge, the Bangladesh Bank (BB) has entrusted the authority to determine the exchange rate to the Authorized Dealer Banks (ABB) and the Bangladesh Foreign Exchange Dealers Association (BAFEDA), guided by prevailing market demand and supply conditions. The surge in commodity prices and a notable increase in imports have contributed to the widening of the Balance of Payments (BoP) deficit, concurrently propelling inflation.

Page- 18 IIDFC LIMITED ANNUAL REPORT-2022

By the conclusion of December 2022, the gross foreign exchange reserves witnessed a decline, standing at US\$ 33.8 billion compared to US\$ 41.8 billion at the close of June 2022. The widening deficits in both trade and service accounts, coupled with modest inflows of remittances, resulted in the expansion of the current account deficit to US\$ 18.7 billion and the overall deficit to US\$ 5.4 billion in the fiscal year 2022. Projections for the current fiscal year, FY'23, anticipate the current account deficit to persist around US\$ 6.8 billion, with the overall BoP deficit anticipated to reach US\$ 5.1 billion by the fiscal year's end.

To realize the vision of attaining upper-middle-income status by 2031, Bangladesh must strategically focus on key economic drivers. This includes the creation of jobs and employment opportunities through fostering a competitive business environment. Moreover, there is a critical need to elevate human capital by cultivating a skilled labor force. The development of efficient infrastructure, coupled with the establishment of a policy framework conducive to attracting private investment, is imperative.

Having transitioned from one of the world's poorest nations to achieving lower-middle-income status in 2015, Bangladesh is poised to graduate from the UN's Least Developed Country (LDC) list by 2026. The development agenda encompasses diversifying exports beyond the Ready-Made Garments (RMG) sector, deepening the financial sector, ensuring sustainable urbanization, increasing revenue collection — one of the world's lowest — and fortifying public institutions through fiscal reforms to generate domestic revenue for development.

Addressing infrastructure gaps is identified as a pivotal accelerator of growth, while concurrently addressing vulnerability to climate change and natural disasters is paramount for enhancing resilience against future shocks. A strategic pivot towards green growth is advocated to secure sustainable development outcomes for the forthcoming generations.

Despite the challenges, Bangladesh recorded a GDP growth of 7.25 percent in FY'22, slightly below the projected 7.50 percent. Factors such as the post-COVID-19 impact, prolonged nationwide lockdown, heightened government borrowing from the banking system, and restricted credit sources to the private sector influenced GDP performance. Given the volatile global and regional economic landscape, the government has revised the GDP growth target to 6.5 percent for FY'23, a move aligned with the World Bank's forecast of a potential 6 percent growth rate.

Notwithstanding the challenges, Bangladesh boasts a robust growth and development trajectory amidst global uncertainties. Factors such as a demographic dividend, resilient RMG exports, steady remittance inflows, and macroeconomic stability have underpinned rapid economic growth over the past two decades. Despite recent challenges, including the macroeconomic repercussions of PANDEXIT and the Russia-Ukraine crisis, Bangladesh demonstrated a strong recovery in FY'23. However, inflation, exchange rate pressures, and surging commodity prices present new challenges.

Bangladesh's success story extends to poverty reduction and development. From extreme poverty at its inception in 1971, Bangladesh achieved the Millennium Development Goals (MDG) target by 2012, surpassing the deadline by three years. Progress towards the Sustainable Development Goals (SDGs) is commendable, with a 30.9% achievement by 2023, outpacing regional counterparts India and Pakistan in South Asia. The trajectory of growth, resilience, and development positions Bangladesh favorably on its path towards sustained prosperity.

Basic Accounting Principles

- 2. The basic accounting principles followed in the preparation of the financial statements in 2022 were as follows:
 - Income from Lease Finance and Direct Finance are recorded on the accrual method of accounting whereas fee-income of Structured Finance is recognized on cash basis.
 - Investment in marketable and non-marketable securities is shown at cost and separate provision made for the diminution of their value.
 - The Loans and Advances at gross amount are shown as 'assets' while 'Interest Suspense' and 'Loan Loss Provision' against classified advances are shown as liabilities. Interest Suspense is deducted from interest income and 'Loan Loss Provision' is shown as expenses in the Profit and Loss Account.
 - The financial statements of the Company and its subsidiaries have been consolidated in accordance with Bangladesh Financial Reporting Standards.
 - The contingent liabilities of Letters of Guarantee and LC commitments have been shown as Off-Balance Sheet items.

Page- 19

Important observations of the Auditors

- 3. The Auditors' Report is unqualified. Some of their important opinions are as follows:
 - The Company maintained a total provision of Tk. 362.25 crore against loans and advances till 31st December 2022. A back-log of non-performing loans and advances identified in 2020 were also needed to be provided. As a result, a total Tk. 189.00 crore were required to be kept as additional provision and interest suspense for wiping out this back-log for which Bangladesh Bank approved a five-year plan. Accordingly, IIDFC kept Tk. 215.28 crore of provision in 2022 including Bangladesh Bank allocated provision and provision for newly classified loans and advances during 2022. The details of the provision and interest suspense have been presented in note-13 in the "Notes to the Financial Statements" section of the annual report.

Other important points mentioned by auditors:

- The expenditures incurred and payments made were for the purpose of the Company's business for the year.
- The Company has complied with relevant laws pertaining to capital, reserve, and net worth, cash and liquid assets and procedure for sanctioning and disbursing loans/ leases found satisfactory.
- Auditors have reviewed over 80 percent of risk weighted assets of the Company and have spent around 442 man-hours for the audit of the books and accounts of the Company.
- The internal control and the compliance of the Company is satisfactory, and effective
 measures have been taken to prevent possible material fraud, forgery and internal
 policies are being followed appropriately.
- Proper measures have been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank and the instructions which were issued by Bangladesh Bank and other regulatory authorities have been complied properly as disclosed.
- All other issues which are important for the stakeholders of the Company have been adequately disclosed in the audit report.

Overall Performance of IIDFC

- 4. IIDFC's core portfolio in loans and advances considerably decreased by 15.38% to Tk. 1,178.44 crore in 2022 as against Tk. 1,392.61 crore in 2021. Operating Profit was Tk. (77.69) crore in 2022 compared to Tk. (29.49) crore in 2021, and Profit after tax was Tk. (293.69) crore in 2022 as against Tk. (88.86) crore in 2021, mainly for maintaining additional provision for loans and advances along with additional interest suspense as per Bangladesh Bank guideline, reducing the total loan portfolio as well as interest earning assets, increasing the new classified loans and advances etc. As a result, earnings per share (EPS) reduced to Tk. (16.90) in 2022 from Tk. (5.11) in 2021.
- 5. The Company's Consolidated Profit before Provisioning and Tax was Tk. (74.67) crore in 2022 as against Tk. (24.85) crore in 2021; and Consolidated Profit after Provisioning and Tax was Tk. (88.45) crore in 2022 as against Tk. (293.26) crore in 2021.

Portfolio of Corporate Finance Department

- 6. The total disbursement by the Corporate Finance Department in 2022 was Tk. 10.00 crore and at the end of the year, the corporate portfolio stood at Tk. 465.28 crore which is a decrease of Tk.112.70 crore and 19.50 percent compared to the portfolio of previous year. The department's loss of business resulted in reduction of the overall portfolio of IIDFC as it is the largest contributor to the company's revenue with a share of 39.48 percent of the overall business portfolio.
- 7. Government's decision to start the process of curbing the lending rates of the banks to a maximum 9.00 percent p.a. provided the corporate houses with added leverage to bargain for lower interest rates. There were opportunities for providing corporate loans to corporate clients with weaker financial bases, but the department decided to put emphasis on credit worthiness, business reputation and financial strength of the clients to solidify the quality of the portfolio. Besides, the Company's focus was shifted to the recovery from non-performing loans and advances instead of disbursing new loans and advances in this volatile market.

Page- 20 IIDFC LIMITED ANNUAL REPORT-2022

Portfolio of SME Finance Department

8. In 2022, the total disbursement of the SME Department was Tk. 24.50 crore which was Tk. 98.43 crore in 2021. SME disbursement and the total SME portfolio decreased by Tk. 73.93 crore and Tk. 95.75 crore respectively during the year 2022 because of slowdown of fresh disbursement as part of strategic plan, repayment by borrowers and continuation of extensive recovery drive. At the end of 2022, the total SME portfolio stood at Tk. 433.80 crore as compared to Tk. 529.55 crore in 2021.

Portfolio of Structured Finance Department

9. There was no fresh disbursement of the Structured Finance Department in 2022 and the total portfolio of the department stood at Tk. 270.89 Crore at the end of 2022 as against Tk. 277.82 crore in 2021. Since many large corporate houses refrained from engaging in significant investments, the opportunity for arranging syndication for large financing requirements was comparatively low during the year. However, the department has been successfully dealing the agency function of the syndicated deals and strategically trying for arranging syndication loans for the large corporate in future.

Challenges of Treasury Department

10. The year 2022 was an especially challenging year for treasury management as the competition was overwhelming. Even then, the Treasury Department tried to manage and fulfill its obligations and meet up all its commitments in a timely manner. The dependency on bank borrowing was Tk. 581.41 crore on 31st December 2022 as against Tk. 515.01 crore on 31st December 2021 which was an increasing of Tk. 66.40 crore or 12.89 percent compared to previous year. The deposits on 31 December 2022 stood at Tk. 647.24 crore against Tk. 906.46 crore on 31 December 2021.

Function of Carbon Finance

11. IIDFC has been supervising its Clean Development Mechanism (CDM) projects titled "Improving Kiln Efficiency in the Brick Making Industry in Bangladesh" under UNFCCC since 2011 successfully. These projects have 5 (Five) operational HHK Brick Manufacturing Units in the different geographic locations of Bangladesh. These projects have 5 (five) operational HHK brick factories which has helped to reduce around 25,000 tons of CO2 eq. emissions during 2022. IIDFC has distributed revenues among the brick manufacturers, who contributed to reduce 65,603 CER of emission reductions during 2018-2019. The verification of the CO2 reductions during 2018-19 period has been carried out and has resulted in issuance of 65,603 CER units from UNFCCC. These CER units are committed to the Asian Development Bank (ADB) under Certified Emission Reduction Purchase Agreement (CERPA) with IIDFC in exchange of valuable foreign currency. The certification process has been completed and the CER units have been issued by UNFCCC. The Company earned Tk. 1.72 core from carbon finance in 2022.

IIDFC Securities Limited

12. IIDFC Securities Limited, subsidiary of IIDFC, had an operating income of Tk. 18.95 crore in 2022 of which Tk. 11.15 crore was from Brokerage Commission, Tk. 3.79 crore from net interest income and Tk. 3.92 crore income from investment. The Average daily turnover in customers' account was Tk. 15.24 crore as compared to Tk. 24.08 crore in the preceding year. Percentage of trade volume during the year was 1.60% of DSE's total trade volume as against 1.63% of DSE's total trade volume in the preceding year. As on 31st December 2022,the Company had 3,679 active BO accounts as against 3,571 accounts in 2021.

IIDFC Capital Limited

13. The other subsidiary, IIDFC Capital Limited recorded net interest income of Tk. 1.02 crore; income from merchant banking services was Tk. 0.42 crore; income from investment was Tk. 0.54 crore & Other Income was Tk. 2.68 lacs; i.e. a total income of Tk. 2.01 crore as against total operating expenses of Tk. 1.73 crore. The Company's net profit before tax in 2022 was Tk. 27.48 lacs as against the net profit of Tk. 47.26 lacs in 2021.

Human Resources

14. The Company has 120 employees as of December 2022, a decrease of twenty two from the previous year. Despite the resignations of 39 executives from the Operations, Finance & Accounts, CRM, SME, SAM, ICC Department, etc., the number of employees decrease although there was new hiring of 16 executives in a various positions in the reporting year. Apart from following a comprehensive recruitment policy for identifying the best among the available candidates, we allow our employees to participate in the training programs offered by Bangladesh Bank, Bangladesh Bank Training Academy, Financial Excellence Limited, BIBM, BRIDDHI, DCCI, MCCI, ICAB and ICB. To advance their professional skill and knowledge, in 2022, a total of 100 employees took part in various training programs, workshops, conferences, discussion meetings, and seminars.

Credit Rating

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

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

Shareholders' Equity

16. The Shareholders' Equity stood at Tk. (172.13) crore as on December 31, 2022, which was Tk. 121.56 crore on December 31, 2021. The Consolidated Shareholders' Equity, which was Tk. 131.75 crore on December 31, 2021, stood at Tk. (161.52) crore as on December 31, 2021. The Capital Adequacy Ratio stands at (10.94)% which is lower than the target set by the Bangladesh Bank at 10 percent for NBFIs.

Comparative Financials

17. The summary of the non-consolidated key financials of the Company as on December 31, 2022, as compared to December 31, 2021 are as follows:

F	igure	s in	така
	20	21	

Particulars	2022	2021
Profit before provision & tax	(776,874,721)	(294,871,996)
Less: Provision for Loans and Advances	2,152,828,147	583,556,043
Less: Provision for tax	7,224,788	10,153,765
Profit after provision & tax	(2,936,927,655)	(888,581,804)
Add: Retained earnings brought forward	(944,940,927)	(56,359,124)
Profit available for appropriation	(3,881,868,583)	(944,940,927)
Less: Appropriations:	-	-
Total Appropriations	-	-
Profit available for dividend distribution	(3,881,868,583)	(944,940,927)

Proposed Dividend

- 18. As there was no distributable profit at the year end, the Board did not recommend any dividend for the year 2022.
- 19. By operation of Article 99 of the Company's Articles of Association, the representative Directors of the following Companies shall stand retired from office at this 22nd Annual General Meeting:

Serial	Name	Nominated by
01	Mr. Selim R.F. Hussain	BRAC Bank PLC.
02	Mr. Md. Afzal Karim	Sonali Bank PLC.
03	Mr. Md. Mehmood Husain	National Bank Limited
04	Mr. Sheikh Mohammad Maroof	The City Bank Limited

All the above Directors are eligible for re-election and have expressed their interest for being re-elected as Directors. The Board may recommend for their re-appointment as Directors.

Page- 22 IIDFC LIMITED ANNUAL REPORT-2022

Appointment of Auditors'

20. The third consecutive term of the current Auditors, M/s. M M Rahman & Co., Chartered Accountants, shall expire at this AGM. As per DFIM Circular No. 04 dated 30 April 2015 of Bangladesh Bank the firm shall not be eligible for reappointment.

M/S. A. Qasem & Co., Chartered Accountants, has expressed their interest to be the Auditors of the Company for the year 2023 until the conclusion of the following AGM. The Board recommended the reappointment of M/S. A. Qasem & Co., Chartered Accountants as Auditors of IIDFC Limited for the year 2023 subject to approval of Bangladesh Bank in due course. The audit fee may be fixed at BDT 400,000.00 (excluding VAT) only subject to approval of Bangladesh Bank and AGM.

Appreciation

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

Thank you,

On behalf of Board of Directors

Syed Mahbubur Rahman Chairman



From the Desk of Managing Director

Dear Shareholders and Stakeholders

It is indeed a great honor for me to welcome you all to the 22nd Annual General Meeting of IIDFC Limited. At the very beginning I wish you all sound health and happiness. I would like to express my heartfelt gratitude and regards to all of you for continued support and inspiration that helped us to continue our business operation despite facing tremendous challenges throughout the year 2022. The COVID-19 pandemic followed by the Russia-Ukraine war crisis and ongoing economic challenges had severely impacted the business of all players in the financial sector. However, despite having adverse circumstances, IIDFC found its path of continued value creation for all stakeholders.

From the beginning of 2022, many NBFIs have been facing liquidity pressure. The interbank call money rate increased to 5.81 percent at the end of December 2022 from 3.16 percent at the end of December 2021. The increasing trend continued further and in October 22, 2023 interbank call money rate reached to 7.9 percent. The economy is facing challenges and uncertainties on various fronts, such as record-high inflation, devaluation of Bangladesh currency, tightening financial conditions and post-pandemic supply chain disruptions. Like other FIs, this liquidity crisis also impacted IIDFC and its clients' business. As the factories could not operate at its rated capacity due to unstable economic condition, the business houses could not

generate adequate cash flow for their survival. Considering the ongoing crisis in production level, Bangladesh Bank had offered deferral facilities to the borrowers. Consequently, like other financial institutions, IIDFC could not realize its receivables from the borrowers at satisfactory level.

To strengthen the foundation of the business and safeguard from future uncertainties, IIDFC had taken provision of Tk. 362.25 crore till the year 2022 as part of its five years' plan of absorbing the unabsorbed provision as per approval from Bangladesh Bank.

It was anticipated that the adverse impact of pandemic and Russia-Ukraine war crisis will continue in coming days. Considering the overall economic challenges, the management of the Company emphasized on doing business cautiously and reducing NPL to maintain a healthy portfolio.

Now, I have the honor and pleasure to present to you the Annual Report for the year ended on December 31, 2022.

Global Economy

While global economy was recovering strongly from the COVID-19 pandemic, the war in Ukraine posed a setback to the ongoing recovery. A rise in the global commodity prices and sluggish economic activities by war induced supply chain disruption is being observed.

Page- 24 IIDFC LIMITED | ANNUAL REPORT-2022

In the World Economic Outlook (WEO) October 2023, International Monetary Fund (IMF) has expected the global economy to slow down from 3.5 percent in 2022 to 3 percent in 2023 and 2.9 percent in 2024. For advanced economies, the expected slowdown is from 2.6 percent in 2022 to 1.5 percent in 2023 and 1.4 percent in 2024. Emerging market and developing economies are projected to have growth modestly decline, from 4.1 percent in 2022 to 4.0 percent in both 2023 and 2024. Forecasts for global growth over the medium term, at 3.1 percent, are at their lowest in decades, and prospects for countries to catch up to higher living standards are weak.

At the beginning of 2021, global inflation started moving upward and eventually it reached its highest level of the last few decades. Despite having severe global crisis, inflation is forecasted to decline steadily, from 8.7 percent in 2022 to 6.9 percent in 2023 and 5.8 percent in 2024, due to tighter monetary policy aided by lower international commodity prices.

ECONOMY OF BANGLADESH

Bangladesh economy has been recovering from the economic damage caused by the impact of COVID-19 and the ongoing Russia-Ukraine war, although the recent slowdown in the global economy has adversely affected the country's economic growth. Bangladesh's economic growth in the pre-COVID-19 fiscal year (FY 2018-19) was 7.88 percent. During the COVID-19 period, this growth rate declined to 3.45 percent in FY 2019-20, which increased to 6.94 percent in FY 2020-21 and 7.10 percent in FY 2021-22. According to the provisional estimates of Bangladesh Bureau of Statistics (BBS), the GDP growth stood at 6.03 percent in FY 2022-23.

CHALLENGES

While economic recovery efforts have been strong in response to the impact of COVID-19, there has been a mismatch between global demand and supply due to supply chain issues. As a result, since the beginning of 2021, an increase in the prices of all types of products, including energy have been observed in the world market and it has accelerated due to the ongoing Russia-Ukraine war. Like other countries of the world, the upward trend of the price level is also being observed in Bangladesh. The average inflation rate in FY 2022-23 stood at 9.02 percent, which is 2.87 percentage point higher than in FY 2021-22. On a point-to-point basis, inflation stood at 9.63 percent in September 2023, as against 9.10 percent in September 2022 and 5.59 percent in September 2021.

The recent trends in weighted average lending and deposit rates show upward movement. The weighted average lending rate showed some constancy and

reached to 7.12 percent at the end of September 2022 from 7.13 percent of end January 2022. After that it increased consistently and stood at 7.85 percent at the end of August 2023. At the same time, the weighted average deposit rate stood at 4.09 percent at the end of September 2022 from 4.01 percent of end January 2022, later it increased much and reached to 4.52 percent at end of August 2023. In enhancement of the market-based interest rate, increase of the policy interest rate several times by Bangladesh Bank and reduction of excess liquidity in the banking system have played significant role.

In FY 2022-23, both stock markets, Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange (CSE), noticed some volatility. However, the market capitalisation of all securities increased significantly in both the markets. Compared to June 30, 2022, the market capitalisation of DSE and CSE increased by 47.36 percent and 67.15 percent respectively compared to the end of trading on February 28, 2023. During the same period, the DSE Broad Index (DSEX) and CSE Overall Price Index decreased slightly by 2.51 percent and 2.14 percent respectively.

Due to the continuing overall current account balance deficit, foreign exchange reserves declined to around US\$ 33.7 billion at the end of December 2022 and stood at US\$ 26.9 billion at the end of September 2023. It is noteworthy that exports increased by 8.07 percent to US\$ 41,721.62 million during July-March FY 2022-23 compared to the same period of pervious fiscal years. On the other hand, import payments (c&f) stood at US\$ 52,713.10 million in July-February of FY 202223 which was significantly lower (10.31%) than the import payments of the same period of the preceding year. The growth of exports and imports during FY 2021-22 were 34.38 percent and 35.93 percent respectively compared to the previous fiscal year. World Economic Outlook January 2023 has projected that the world trade volume of goods and services to slow down from 5.4 percent in 2022 to 2.4 percent in 2023 before rising to 3.4 percent in 2024. However, Bangladesh's export growth is on a positive trend. Besides, total receipts of remittances increased by 2.75 percent to US\$ 21,610.73 million during FY 2022-23 against the decrease of 15.12 percent during FY 2021-22.

Despite all challenges, the economy of Bangladesh performs reasonably well due to time-benefitting, appropriate, and supporting monetary and fiscal policies. The near-term economic outlook seems quite favorable, but it critically depends on the length and intensity of Russia-Ukraine war, the spree of interest hikes by the Fed, and re-emergence of the Covid-19 situation. Improvements in these challenges will expedite Bangladesh's future economic gains. However, in case of

any adverse consequences of the above external issues, the Bangladesh economy has shown enough resilience to remain stable in its current condition.

IIDFC's Performance

The business portfolio of IIDFC decreased to Tk. 1,178.44 crore in 2022 from Tk. 1,392.61 crore in 2021. The Company's consolidated operating loss stood at Tk. 28.65 crore at the end of 2022 from operating income of Tk. 29.32 crore in 2021. The Company's non-consolidated operating income stood at negative balance of Tk. 49.61 crore in 2022.

IIDFC's Consolidated Loss before Provision and Tax was Tk. 74.67 crore in 2022 and Loss after tax was Tk. 293.26 crore in 2022. IIDFC's Non-Consolidated Loss before Provision and Tax was Tk. 77.69 crore in 2022 and Loss after tax was Tk. 293.69 crore in 2021 as against Tk. 88.86 crore in 2021.

In 2020, IIDFC obtained 5 years' time i.e. up to 2024 from Bangladesh Bank to make up provision shortfall against previous NPL in addition to current-year's new requirement. According to the time plan approved by Bangladesh Bank, till 31 December 2022, IIDFC has kept 362.25 crore as the accumulated provisions for loans and advances (including investments) and the accumulated interest suspense is BDT 98.23 crore. The rest amount of required provision and interest suspense of BDT 122.8 crore will have to be provided in 2023 and 2024 along with any additional requirements from new classification of loans and advance.

CONCLUDING REMARKS

Due to global pandemic impact and its subsequent economic shock, IIDFC, like many other financial institutions, faced a challenging time throughout the year 2022. However, despite having such adverse situation, IIDFC managed to persist due to its prudent strategies and decisions. We believe the situation not only impacted the overall business environment severely, but also created new opportunities for the financial sector.

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

Md. Golam Sarwar Bhuiyan

Managing Director

Page- 26 IIDFC LIMITED ANNUAL REPORT-2022



Mr. Syed Mahbubur Rahman
Chairman, IIDFC Limited
Managing Director & CEO, Mutual Trust Bank PLC.



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

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

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

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

Page- 28 IIDFC LIMITED ANNUAL REPORT-2022

Mr. Selim R. F. Hussain
Vice Chairman, IIDFC Limited
Managing Director & CEO, BRAC Bank PLC.



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

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

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

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



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

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

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

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

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

Page- 30 IIDFC LIMITED ANNUAL REPORT-2022

Mr. Kamal Uddin Ahmed
Director, IIDFC Limited
Director, Eastland Insurance Company Limited



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

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

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

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

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

Mr. Md. Afzal Karim
Director, IIDFC Limited
CEO & Managing Director, Sonali Bank PLC.



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

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

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

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

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

Page- 32 |]]]])))) ANNUAL REPORT-2022

Mr. Md. Abdul Jabber
Director, IIDFC Limited
CEO & Managing Director, Janata Bank PLC.



Mr. Md. Abdul Jabber, a farsighted banker and a vigorous leader, has joined as Managing Director & CEO of Janata Bank PLC. on 03 May, 2023. Prior to taking on the role of MD & CEO at Janata Bank PLC., he was appointed as Managing Director of Bangladesh Krishi Bank (BKB). Under his leadership, BKB has gone through a well-managed policy for its Business and Internal Administration focusing not only on serving Agricultural Sector, but also on enhancing access to banking to the Agro-based Industrialization.

Mr. Abdul Jabber embarked upon his career in 1988 with Janata Bank PLC. as a Management Trainee (Senior Officer) and rose steadily through the ranks to become the Deputy Managing Director in September, 2019. His diverse experiences at Janata Bank PLC. for over 34 years, is manifested in the fact that he worked as Deputy Managing Director of the Bank and also served as the head of its Credit, Human Resources, Treasury & Foreign Trade and ICT Division at the Head Office including other important roles in different Branches from remote area to city, Area Offices and Divisional Offices of the Bank.

During his eminent work-period, he has greatly contributed to the business growth of his assigned portfolio, especially in terms of expanding the Assets with good quality and diverse income-sources. He always accentuates the importance of adopting the sustainable development policy to achieve the organizational objectives as well as to mitigate the risks involved in the bank. In recognition of his work with honesty, sincerity and integrity, he received letters of appreciations & the "Best Manager Award". Practically, he is a vision-oriented, advanced, vibrant and industrious banker who constantly focuses on market development and change-making with creativity & innovation. The real impacts of his smart undertaking particularly in Retail Credit & Project Finance have a definite connection on the progresses of the financial and socio-economic development of the country.

In addition, Mr. Abdul Jabber is associated with a number of esteemed entities. At present, he is the Chairman of the Board of Directors of Janata Exchange Company Srl (IEC), Italy. Apart from this, he is also the director of the Board of Investment Corporation of Bangladesh (ICB), Janata Capital and Investment Limited (JCIL), Industrial and Infrastructure Development Finance Company Limited (IIDFC), Primary Dealers Bangladesh Limited (PDBL), The Padma Bank Limited and Bangladesh Foreign Exchange Dealers Association (BAFEDA). He is also the member of the governing board of Bangladesh Institute of Bank Management (BIBM) & council member of the Institute of Bankers Bangladesh (IBB).

Mr. Abdul Jabber, son of Md. Amin Uddin Morol and Mrs. Tara Banu, was born into a noble Muslim family on 03 May, 1964 at Kamarali village of Kolaroa Upozilla in Sathkhira District. With a distinctive academic record, he holds BSS (Honors) and MSS degree in Sociology from the University of Dhaka. He is also a Diplomaed Associate of the Institute of Bankers Bangladesh. During his career, he took part in different banking-related Training, Seminar and Symposium held at home and abroad.

In family-life, he leads a happy and complete life with his better half - Mrs. Shereen Akhter Chaman Ara and only daughter - Senjuti Chaman.

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



Md. Abul Hossain has been serving as the Managing Director of Investment Corporation of Bangladesh since 21 August 2019, the core public sector investment bank of the country. Mr. Hossain has more than 32 years of diversified experience in investment banking, specialized and commercial banking, Islamic banking, Asset management and ICT works. He started his career as a System Analyst/ Senior Principal Officer of ICB in 1998 and served in different positions in the same organization. Prior to his joining in ICB, he acted as the Managing Director of Karmasangsthan Bank. He also served as the Managing Director (Additional Charge) and Deputy Managing Director of Bangladesh Krishi Bank.

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

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



Mr. Md. Mehmood Husain is the Managing Director and CEO of National Bank Limited. He is a seasoned banker with over 37 years' experience; held different senior positions in different private sector banks in Bangladesh.

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

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

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

Page- 34 IIDFC LIMITED | ANNUAL REPORT-2022

Mr. Sheikh Mohammad Maroof
Director, IIDFC Limited
AMD & Chief Business Officer, The City Bank Limited



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

Mohammad Maroof has a post graduate degree (Masters in Commerce) in Finance from University of Dhaka.

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



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

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

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

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

BRIEF PROFILE OF THE DIRECTORS

Mr. Md. Kazim Uddin
Director, IIDFC Limited
CEO, National Life Insurance Company Limited



Mr. Md. Kazim Uddin is a renowned person in Life insurance sector in Bangladesh. He started life Insurance career in May 1987 in the Development side of National Life Insurance Co. Ltd. Mr. Kazim is a popular motivational speaker in Life Insurance industry in Bangladesh. He is a dedicated CEO of NLI Company and feels proud of being part of bringing the company in its top position in the the history of National Life Insurance Company. He was selected Best CEO of the year in South Asian Business Excellence Awards held in Colombo, Srilanka and owned the Award and also owned another Award of Best CEO of the year conferred by Rtv Bima Award programme. He worked in National Life Insurance Company in various Senior Positions. Prior to become Chief Executive Officer, he served as Deputy Managing Director in NLI Company. National Life is a leading Life Insurance Company in the Life Insurance Market of Bangladesh. Mr. Kazim obtained higher trainings at home and abroad. He completed his MBA from the University of Cumilla. Mr. Kazim travelled various countries and participated in many life insurance Seminars and Training sessions.

Mr. Md. Golam Sarwar Bhuiyan Managing Director, IIDFC Limited Director (Ex Officio)



Mr. Md. Golam Sarwar Bhuiyan joined IIDFC Limited as Managing Director on April 01, 2018. Prior to joining IIDFC, he had been working as Deputy Managing Director and Managing Director (CC) of National Finance Limited. He was CEO of AIBL Capital Management Limited and Managing Director of BMSL Investment Limited. Mr. Bhuiyan is the TREC Representative & Director of IIDFC Securities Ltd. He is also a Director of IIDFC Capital Ltd. Mr. Bhuiyan is the Chairman of Bangladesh Leasing & Finance Companies Association (BLFCA) for the term 2023 and 2024.

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

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

Page- 36 IIDFC LIMITED | ANNUAL REPORT-2022

MANAGEMENT COMMITTEE



Sitting (From Left)

- 1. Mohammad Neazur Rahman
 Company Secretary & Head of Operations
- **2. Jyonto Kumar Biswas** Head of IT & Admin
- **3. Md. Golam Sarwar Bhuiyan**Managing Director
- **4. Kazi Dilruba Akter** Head of SME

Standing (From Left)

- **1. Md. Mizanur Rahman** Head of Treasury (Acting)
- **2. Sanjoy Karmaker** Head of Accounts (Acting)
- **3. Nadia Alam Chaity** Incharge ICC
- **4. Mohammad Abdullah** Head of SAM

SENIOR EXECUTIVES

LINE MANAGERS



Mr. Sayed Amir Ali SVP Head of Structure Finance



Md. Razzaqul Haque Khandakar Sr. Manager Head of CRM Department



Muhammad Abdul Aziz
Manager
Head of Litigation Management Unit



Md. Aurangazeb Sr. Manager Head of Gazipur Branch



A.N.M. Foyzur RahmanManager
Head of Narayanganj Branch



A.Y.M. Nurullah
Asst. Manager
Head of Chottogram Branch (Acting)

Page- 38



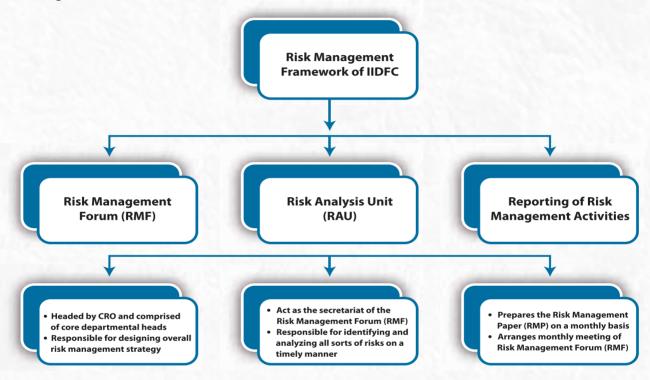
RISK
MANAGEMENT
8
CONTROL
ENVIRONMENT

RISK MANAGEMENT & CONTROL ENVIRONMENT

Risk Management Framework:

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

Risk Management Framework of IIDFC is as follows:



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

SI.	Designation Position in RMF	
1	Managing Director / AMD / DMD	Chief Risk Officer
2	Chief Financial Officer	Member
3	Head of Corporate	Member
4	Head of Treasury	Member
5	Head of SME	Member
6	Head of Operations	Member
7	Head of CRMD	Member
8	Head of ICC	Member
9	Head of IT / ICT	Member
10	Risk Analysis Unit (RAU)	Member Secretary

Page- 40 IIDFC LIMITED | ANNUAL REPORT-2022

Key responsibilities of the RMF includes the following:

- i. Designing overall risk management strategy;
- ii. Communicating views of the board and senior management regarding the Risk Management Culture and Risk Appetite all over the organization;
- iii. Preparing risk management policies and procedures;
- iv. Overseeing the Capital Management functions in accordance with the Risk Based Capital Adequacy measurement accord i.e. BASEL-II;
- v. Developing and overseeing implementation of stress testing;
- vi. Determining the most cost-effective way to minimize the risks;
- vii. Developing overall information system/MIS to support risk management functions; and
- viii. Reviewing the market conditions, identifying the external threats and providing with recommendations for precautionary measures accordingly.
- b) Risk Analysis Unit (RAU): Risk Analysis Unit (RAU) of IIDFC is responsible solely for identifying and analyzing all sorts of risks in an appropriate and timely manner. RAU acts as the secretariat of the Risk Management Forum (RMF). However, it is independent from all other units/divisions of the organization. RAU of IIDFC is responsible exclusively for the followings:
 - i. Collecting all relevant data related to the risk indicators from different models and information system at the earliest;
 - ii. Assessing the quality, completeness and correctness of those data;
 - iii. Identifying and quantifying the risks and their exposures to material loss;
 - iv. Preparing Risk Management Paper (RMP) in monthly basis; and
 - v. Conducting periodic Stress Testing.
- c) Reporting of Risk Management activities: RAU of IIDFC prepares a Risk Management Paper (RMP) with a detailed analysis including trend analysis of all categories of risk with adequate updated data every month. The RMP is placed in the monthly meeting of the Risk Management Forum. After detailed discussion, RMF recommends some specific action plans for mitigating the identified risks. The updated data of any given month is collected by RAU within 15th of the following month. The meeting of RMF is usually conducted within 20th of the same month. The Risk Management Paper along with the Minutes of the RMF meeting (both hard copy and soft copy) is submitted to the Department of Financial Institutions & Markets (DFIM) of Bangladesh Bank by the end of following month of every quarter.

Disclosure of the Risk Reporting:

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

Sl. No.	Risk Indicators	2022	2021
1	Total Credit Portfolio	11,784,441,057	13,926,094,156
2	Annual Disbursement	454,708,622	2,103,763,256
3	Sector Concentration Risk- HHI Score	788	1,106
4	Product Concentration Risk- HHI Score	6,416	6,410
5	Directors' Exposure (IIDFC Securities Ltd.)	244,244,489	523,953,269
6	Percentage of Total Portfolio	2.07%	3.76%
7	Total NPL in Amount	5,464,374,021	4,944,721,628
8	NPL as a Percentage of Total Portfolio	46.37%	35.51%
9	Provision Required for Loans & Investment	4,201,509,163	2,216,817,127
10	Provision Maintained for Loans & Investment	3,622,459,262	1,469,631,110
11	Provision Surplus (Shortfall)	(579,049,901)	(747,186,017)
12	Cost of Fund (General) Percentage	8.05%	8.02%
13	Base Rate Percentage	9.76%	10.41%
14	Total Capital Market Exposure	702,746,478	1,121,659,506
15	Statutory Liquidity Required	316,645,287	349,790,266
16	Statutory Liquidity Maintained	438,922,289	386,084,250
17	Statutory Liquidity Surplus (Shortfall)	122,277,001	36,293,984
18	Cash Reserve Required	81,166,730	91,815,303
19	Cash Reserve Maintained	86,658,021	102,742,484
20	Cash Reserve Surplus (Shortfall)	5,491,291	10,927,180
21	Sources of Fund	11,700,215,219	15,560,301,643
22	Utilization of Fund	12,150,375,162	14,601,667,867
23	Credit Utilization Ratio	103.85%	93.84%
24	Total Deposit Portfolio	6,472,419,119	9,064,640,125
25	Top-10 Deposit Amount	20,800,000	950,000,000
26	Percentage of Total Deposit	0.32%	10.48%
27	Top-10 Withdrawal Amount	735,391,517	888,324,661
28	Total Eligible Capital	(1,556,535,268)	1,390,194,893
29	Total Risk Weighted Assets	14,231,872,989	15,254,173,885
30	Capital Adequacy Ratio	-10.94%	9.11%

Risk Mitigation Methodology:

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

Departments	Key roles / functions to mitigate credit risk
Credit Risk management (CRM)	 Scrutinizing the credit proposals received from all business units (Corporate, SME and Branches) to identify risks & compliance issues. To ensure that credit proposals have been properly analyzed and memos have been prepared complying all the necessary rules, regulations, circular, guidelines vested by the concerned regulatory authorities. Analyzing credit proposals by identifying risks and mitigation thereof. Thorough scrutinizing of the loan proposals and set appropriate facility structure as well as covenants suitable for the related business. Ensuring that Internal Credit Policy & Internal Credit Circulars are being complied properly. Periodic review of different types of credit facilities as per Credit Policy. Maintain effective follow up and supervision and take all possible measures in time to avoid non-performance of assets. Analysis of Early alert Report and classified loan review. Perform any other duties as per requirement of the management.
Credit Administration Department (CAD)	 Preparation of sanction advice stipulating all the required terms and conditions applicable for the related credit facilities. To prepare security documents and ensure that all security documentation complies with the terms of approval to control loan disbursements. To maintain control as well as preserve all security documents. To monitor insurance coverage to ensure appropriate coverage is in place over assets pledged/hypothecated as collateral, and is properly assigned to IIDFC. To monitor borrowers compliance with covenants and agreed terms and conditions, and general monitoring of account conduct/performance. To provide the respective departments with all circulars and guidelines issued by regulatory authority.
Special Asset management (SAM)	 To monitor and maintain the files of classified accounts with support from concern RMs and also review all documentations, meeting between the customer and RM as well as to prepare Classified Loan Review Report to CRMD to update the status of the action/recovery plan. To initiate legal actions for any default accounts, Special Asset Management Department will place recommendations in consultation with Business unit(s) and approval of Managing Director. To initiate write off of loans with recommendation of business unit(s) and submitting before the Board for approval. To assist RM in collecting overdue from overdue clients.

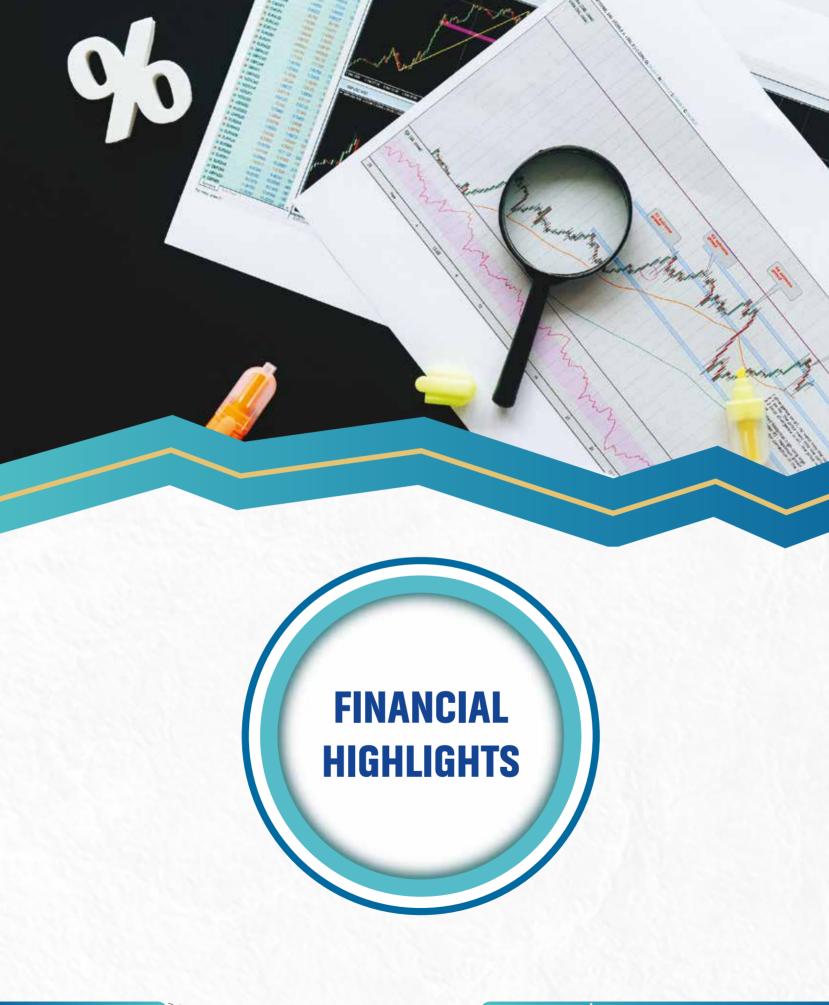
2. Liquidity Risk: Liquidity risk arises when liquid assets are insufficient to meet maturing financial obligations. It may also arise due to organization's inability to settle its liability. Liquidity risk management is the main concern of ALCO. The ALCO of IIDFC consists of Managing Director, Chief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

Department / Committee	Key roles / functions to mitigate liquidity risk
Treasury	 To provide quick finance to the company by making effective cash management. Financial Planning and forecasting cash flows. Borrowing of Funds/ Deposit mobilization. Financial Assets management.
ALCO	 To analyze the information relating to money market position and competition. To formulate policy regarding management of liquidity and interest rate risk of the Company. To set guidelines for establishment of effective methods of Asset Liability Management. To set guidelines for optimum utilization of the financial resource of the Company. To set limits for liquidity, interest rate, exchange rate and equity pricing risks. To assess and identify the possible sources of risk in connection with the funding and lending activities. To evaluate the strength of existing risk management tools and find out its possible ways of improvement. To monitor compliance with the regulations of Bangladesh Bank in respect of statutory obligations and ensure timely submission of reliable and relevant information.

Page- 44 IIDFC LIMITED | ANNUAL REPORT-2022

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

Department	Key roles / functions to mitigate operational risk
Internal Control & Compliance (ICC)	 To verify continuing adequacy and applicability of credit risk management policies and procedures, provide an independent assessment of the credit portfolios' existence, quality and value, the integrity of the credit process, and promotes detection of problems relating thereto.
	 To prepare annual audit plan to be approved by the Audit Committee of the Board according to which the audits are to be carried out. The frequency of audits and the individual audit areas should be stipulated in the Company's plan.
	3. To prepare a comprehensive audit report.
	4. To verify the self-assessment report on AML/CFT issues prepared by branch, assessing risks and visiting the branch on the basis of risks impacts and inform the matter to the central compliance unit (CCU).
	5. To perform Independent Testing Procedures according to BFIU, Bangladesh Bank checklist, examining the Anti-Money Laundering & terrorist financing activities, rating based on examination and finally report to the central compliance unit (CCU).
	6. To monitor the swift correction of any problems detected in the audit as well as the implementation of its recommendations in a suitable form, and if necessary to schedule a follow-up audit.



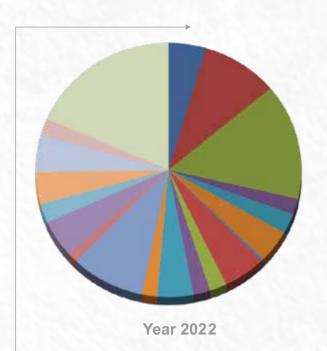
Page- 46 IIDFC LIMITED ANNUAL REPORT-2022

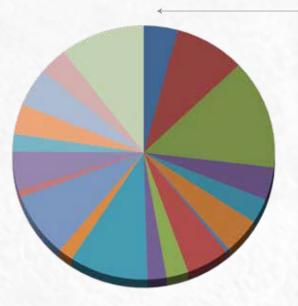
FINANCIAL HIGHLIGHTS OF IIDFC LIMITED

BDT in million

Particulars	TI III	IDFCL (Solo)		IIDFCL (Consolidated)		
raiticulais	2022	2021	2020	2022	2021	2020
Profit and Loss Account:						
Operational Revenue	510.75	1,153.74	2,007.45	732.16	1,486.77	2,141.86
Operational Expenses	1,287.63	1,448.61	2,026.14	1,478.82	1,735.24	2,139.15
Operating Profit	(776.87)	(294.87)	(18.69)	(746.66)	(248.47)	2.71
Profit after Tax	(2,963.93)	(888.58)	(88.63)	(2,932.57)	(884.52)	(85.31)
Balance Sheet:						
Total Loan, Lease, & Advances	11,784.44	13,926.09	15,272.37	13,663.54	15,897.20	17,093.26
Leased Finance/Advances	1,677.50	1,860.29	2,038.30	1,677.50	1,860.29	2,038.30
Term Finance	10,106.94	12,065.80	13,234.07	9,862.70	11,686.28	12,660.31
Margin Loan	-	-	-	2,123.35	2,350.63	2,394.65
Investments (shares, bond, unit fund etc.)	526.10	675.57	677.83	980.37	1,059.10	1,069.80
Provision for Loans & Investments	3,622.46	1,469.63	892.18	3,857.26	1.707.88	1,149.34
Shareholders' Equity	(1,721.35)	1,215.58	2,104.16	(1,615.06)	1,317.51	2,202.03
Reserve & Surplus	(3,459.12)	(522.19)	366.39	(3,352.83)	(420.26)	464.26
Paid up Capital	1,737.77	1,737.77	1,737.77	1,737.77	1,737.77	1,737.77
Important Ratios						
Net Assets Value Per Share (BDT)	-	7.00	12.11	-	7.58	173.77
Earnings Per share (BDT)	(16.90)	(5.11)	(0.51)	(16.88)	(5.09)	(0.49)
Dividend Per Share (BDT)	-	-	-	-	-	-
Return on Average Equity (%)	(1,161.38)	(53.53)	(4.34)	(1,971.16)	(50.26)	(1.61)
Total nos. of Shares	173,777,068	173,777,068	173,777,068	173,777,068	173,777,068	173,777,068

SECTOR-WISE EXPOSURE





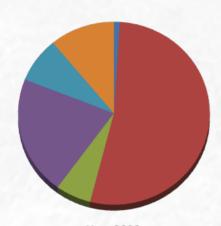
Year 2021

Sector-wise Loans & Advances:	Year 2022		Year 2021	
■ Agricultural Sector	539,064,450	4.57%	587,496,374	4.22%
Industrial Sector:				
■ Textiles	1,097,767,275	9.32%	1,206,853,877	8.67%
Garments	1,742,741,471	14.79%	1,947,246,675	13.98%
Jutes & Jute Related Goods	238,006,947	2.02%	578,073,461	4.15%
Food Items Producer/Processing Industries	299,322,414	2.54%	441,729,085	3.17%
■ Plastic Industries	488,065,846	4.14%	636,406,665	4.57%
■ Lather & Lather Goods	36,018,471	0.31%	57,795,890	0.42%
■ Iron, Steel and Engineering	609,190,323	5.17%	741,404,966	5.32%
■ Chemical and Pharmaceuticals	244,819,691	2.08%	374,780,620	2.69%
■ Cement/Clingker and Allied Industries	242,584,343	2.06%	327,830,265	2.35%
Service Sector (Hotel, Hospital, Clinic, Tourism, etc.)	517,317,545	4.39%	1,349,190,068	9.69%
■ Paper, Printing & Packaging	217,083,723	1.84%	250,601,115	1.80%
■ Telecommunication and IT Industries	1,059,896,517	8.99%	1,145,461,167	8.23%
■ Glass and Ceramic Industries	150,212,328	1.27%	133,600,022	0.96%
Shipping and Building Industries	-	0.00%	-	0.00%
■ Electronics and Electrical Goods	558,064,669	4.74%	686,848,608	4.93%
Power, Gas, Water and Sanitary	286,390,052	2.43%	310,491,289	2.23%
■ Transport and Communication	473,004,200	4.01%	529,710,217	3.80%
■ Real Estate and Housing	567,405,417	4.81%	682,759,389	4.90%
■ Merchant Banking	250,885,157	2.13%	486,806,244	3.50%
Others	2,166,600,219	18.39%	1,451,008,159	10.42%
Total	11,784,441,057	100.00%	13,926,094,156	100.00%

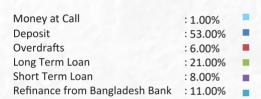
Page- 48 IIDFC LIMITED ANNUAL REPORT-2022

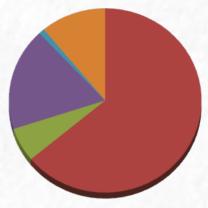
SOURCES OF FUND & OUR BANKERS

SOURCES OF FUND



Year 2022





Year 2021

Money at Call	: 0.00%
Deposit	: 64.00%
Overdrafts	: 6.00%
Long Term Loan	: 18.00%
Short Term Loan	: 1.00%
Refinance from Bangladesh Bank	: 11.00%

OUR BANKERS

Agrani Bank Limited	Head Office
Bank Asia Limited	Principal Office Branch, Agrabad Branch and Uttara Branck
BRAC Bank Limited	Gulshan Branch
Commercial Bank of Ceylon PLC	Motijheel Office
Janata Bank Limited	Head Office, Principal Branch
Midland Bank Limited	Head Office
Mutual Trust Bank Limited	Principal Branch
NCC Bank Limited	Foreign Exchange Branch
NRB Commercial Bank Limited	Head Office
Pubali Bank Limited	Principal Branch
Shahjalal Islami Bank Limited	Foreign Exchange Branch
Shimanto Bank Limited	Head Office
Social Islami Bank Limited	Principal Branch
Sonali Bank Limited	Local Office Branch
South Bangla Agriculture and Commerce Bank Limited	Head Office
Southeast Bank Limited	RK Mission Road Branch
The City Bank Limited	Principal Branch
Trust Bank Limited	Motijheel Branch
Union Capital Limited	Head Office
Uttara Bank Limited	Local Office Branch
Prime Bank Ltd.	Motijheel Branch

DISCLOSURE ON CAPITAL ADEQUACY & MARKET DISCIPLINE

Capital Adequacy Ratio:

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

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

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

Significance of Capital Adequacy:

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

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

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

Basel II guidelines:

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

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

Page- 50 |]]]))))) ANNUAL REPORT-2022

Two Level of Regulatory Capital Requirement:

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

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

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

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

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

Capit	Statutory Limit	
(i) Core Capital Ratio	(Core Capital/ Risk-adjusted Assets)	>= 5%
(ii) Total Capital (Core + Supplementary)	(Total Capital/ Risk-adjusted Assets)	>= 10%

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

Effective Risk Management

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

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

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

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

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

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

Capital Adequacy for IIDFC Limited

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

The company emphasizes on strong capital management through the followings:

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

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

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

Page- 52 IDFC LIMITED ANNUAL REPORT-2022

Breakdown of each category of eligible capital is given below.

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

Amount in Million

Particulars	Solo Basis		Consolidated Basis	
Farticulais	2022	2021	2022	2021
Fully paid-up capital/capital lien with BB	1,737.77	1,737.77	1,737.77	1,737.77
Statutory reserve	371.95	371.95	371.95	371.95
Non-repayable share premium account	_	_	_	_
(Share money deposit)				
General reserve	50.80	50.80	68.21	67.80
Retained earning	(3,881.87)	(944.94)	(3,793.14)	(86.02)
Minority interest in subsidiary	-	-	0.15	0.15
Non-cumulative irredeemable preference share	-	-	-	-
Dividend equalization account	-	-	-	-
Other (if any item approved by BB)-share	-	-	-	-
money deposit				
Less: Shortfall in provisions required against	-	-	-	-
investment in shares	-	-	-	-
Less: Book value of goodwill	-	-	-	-
Total	(1,721.35)	2,104.16	(1,615.06)	1,317.51

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

Amount in Million

	Solo Basis		Consolidated Basis	
Particulars Particulars	2022	2021	2022	2021
General provision (unclassified loans up to specific limit + SMA+ Off B/S exposure)	164.81	169.79	426.93	447.89
50% of Assets Revaluation Reserve	-	-	-	-
10% of Securities Revaluation Reserve	-	-	ı	-
All other preference shares	-	-	ı	-
Other (if any item approved by Bangladesh Bank)	-	-	-	-
Total	164.81	169.79	426.93	447.89

Risk Management

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

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

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

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

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

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

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

Page- 54 IIDFC LIMITED ANNUAL REPORT-2022

- (ii) Market Risk: Market Risk management is set as per the parameters defined in the policy. The objective of the Group's market risk management is to manage and control market risk exposures set within the acceptable parameters, thereby ensuring solvency while optimizing the Group's risk return strategy. Sufficient oversight and reporting are conducted for management of market risk profile. Overall authority for market risk rests with the ALCO. Setting market liquidity as the primary factor for determining the level of limits for portfolio trading, ALCO provides limits for each type of risk in aggregate and for individual portfolios.
- (iii) Operational Risk: Operational Risk framework is designed to ensure operational risk identification, assessment, control and monitoring at business and group level. Management of operational risks is an integral part of the roles played by business and the functional teams. The Risk Management Division oversees whether the operational risk exposures fall within the policy. Defined standards of measurement are also outlined which plays one of the critical roles of ensuring that the risks are managed within the acceptable tolerance limits. The policies and standards are also reviewed periodically to keep the framework updated. The types of events that could result in material operational risk loss or business disruptions are as follows:
 - a. Internal and external fraud
 - b. Damage to physical assets
 - c. Business process disruptions and system failures
 - d. Failure in service executions and deliveries, as well as process management
 - e. Liquidity Risk is managed by the ALCO team within the pre- defined liquidity limits set by and in compliance with the policies and regulatory requirements. The Treasury division oversees the implementation of policies and other controls relating to liquidity risks while managing the liquidity position of the company on a day to day basis.

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

Calculation of Risk Weighted Assets

(Amount in million)

Particulars Particulars	Solo	Basis	Consolidated Basis	
Particulars	2022	2021	2022	2021
Credit Risk				
1. On B/S	13,134.83	13,532.57	14,169.01	14,562.38
2. Off B/S	50.14	50.89	50.14	50.89
Market Risk	544.11	851.02	1,132.43	704.31
Operational Risk	502.79	824.24	772.53	1,017.59
Total RWA	14,231.87	15,258.72	16,124.11	16,334.89

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

Capital Adequacy

(Amount in million)

Dawkieulawa	Solo Basis		Consolidated Basis	
Particulars	2022	2021	2022	2021
Core Capital	(1,721.35)	1,215.58	(1,615.06)	1,317.51
Supplementary Capital	164.81	169.79	426.93	447.89
Total Eligible Capital	(1,556.54)	1,385.37	(1,188.13)	1,765.40
Risk Weighted Assets	14,231.87	15,258.72	16,124.11	16,334.89
Capital Adequacy Ratio	(10.94)	9.08	(7.37)	10.81
Core Capital to RWA	(12.10)	7.97	(10.02)	8.07
Supplementary Capital to RWA	1.16	1.11	2.65	2.74
Minimum Capital Requirement (10% of RWA)	1,423.19	1,525.87	1,612.41	1,633.49
Excess capital over regulatory requirement	(2,979.72)	(140.50)	(2,800.54)	131.91

Capital Adequacy Ratio (CAR) of IIDFC is Less than the Bangladesh Bank's CAR requirement of 10%.

Page- 56 IIDFC LIMITED ANNUAL REPORT-2022





Sustainability Report:

This report exclusively focuses on environmental and social performance caused by the operational activities of the organization. It is an integrated report of the organization, encompassing the impact of organizational activities on the overall society. Different internal and external stakeholders are impacted by the decision taken by the business. Building and maintaining trust in the businesses sector is essential to accomplishing a sustainable economy. Sustainability report represents the organization's values and governance model and demonstrates its strategy and its promise towards a sustainable global economy. To modify the strategic managements' focal point from only financial dimension to other relevant multiple factors sustainable development is now considered as guiding method.

Four aspects of annual sustainability report are as follows:

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

Page- 58 IIDFC LIMITED | ANNUAL REPORT-2022

KEY HIGHLIGHTS

Around
25,000 tons of
CO₂ emission
reduced in 2021

- Replaced the lighting systems of Head Office and Branches with energy saving LEDs
- Maintain Balanced Manpower to Ensure Sustainability
 - Sectoral Exposure increased in CSR Expenditure
- Adopted 3R (Reduce, Reuse, Recycle) principle aiming environmental conservation

CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES OF IIDFC

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

ENVIRONMENTAL REPORTING

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

GHG Emission Reduction and Energy Efficiency

Carbon Finance: A Market Based Mechanism for Combating Climate Change

IIDFC has been working as a bundling agent on the Clean Development Mechanism (CDM) project titled "Improving Kiln Efficiency in the Brick Making Industry in Bangladesh". These CDM projects are designed under the Kyoto Protocol and regulated by the United Nations Framework Convention on Climate Change (UNFCCC).

At present, the project consists of 5 (five) operational HHK brick factories which has helped to reduce around 25,000 tons of CO₂ eq. emissions during 2022.

IIDFC has distributed revenues among the brick manufacturers, who contributed to reduce 65,603 CER of emission reductions during 2018-2019. The verification of the CO2 reductions during 2018-19 period has been carried out and has resulted in issuance of 65,603 CER units from UNFCCC. As per the Certified Emission Reduction Purchase Agreement (CERPA) between IIDFC and ADB all the Certified Emission Reduction (CER) has been transferred to the trustee of ADB named Future Carbon Fund in exchange for valuable foreign currency exchange.

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

This initiative of IIDFC has introduced and encouraged the use of energy efficient Hybrid Hoffman Kiln (HHK) technology in the brick making sector and recognized as an additional economic benefit for the investors. The CDM project also supports the reduction of CO2 gas as well as diffusion of environment-friendly technology in Bangladesh, which is ordinarily known as one of the main air polluters.

OBLIGATIONS TO THE SOCIETY AND ENVIRONMENT

As a socially responsible organization IIDFC is obliged to serve and protect the interests of all stakeholders. As such, it is necessary to improve the transparency of corporate activities and their impact towards reducing environmental changes and reflect it in the framework of this report. Under the environment and social obligations, IIDFC helps prevent financing in environment hazardous industries and/or investors. The Clean Development Mechanism (CDM) projects have been operated under the carbon financing department of IIDFC and IIDFC's service coverage includes working as bundling agent in small scale CDM projects, consultancy in large scale CDM projects, coordinating and managing entity in programmatic CDM.

IIDFC is committed to continue its obligations towards society and environment through various initiatives.

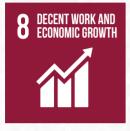
Page- 60 IIDFC LIMITED ANNUAL REPORT-2022

CONTRIBUTION TOWARDS ACHIEVING SDGs



GOAL 7: Affordable and Clean Energy

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



GOAL 8: Decent Work and Economic Growth

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



GOAL 9: Industry, Innovation and Infrastructure

IIDFC has continued its support towards industrial and infrastructural development of the country through its innovative financial products for the last 19 years. IIDFC believes that innovative business ideas are key to sustainable industrial growth for the country and community.



GOAL 10: Reduced Inequality

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



GOAL 11: Sustainable Cities and Communities

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



GOAL 12: Climate Action

IIDFC's CDM Project has directly mitigated emission of around 25,000 tons of CO2 in 2022. With a view to limiting the global mean temperature under 1.5 degrees and thus avoid the worst effects of climate change IIDFC shall remain open to collaborate with development financial institutions and other relevant organizations to bring innovative and sustainable technologies to Bangladesh and expand participation in carbon trading market.

INTEGRATED REPORTING

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

Further discussion on integrated reporting is furnished on "Integrated Report". (Page- 06)

Page- 62 IIDFC LIMITED ANNUAL REPORT-2022



CORPORATE GOVERNANCE

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

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

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



Chairman	Mr. Syed Mahbubur Rahman Managing Director & CEO, Mutual Trust Bank PLC.
Vice Chairman	Mr. Selim R. F. Hussain Managing Director & CEO, BRAC Bank PLC.
Directors	Mr. Syed M. Altaf Hussain Chairman, Pragati Insurance Limited
	Mr. Kamal Uddin Ahmed Director, Eastland Insurance Company Limited
	Mr. Md. Afzal Karim CEO & Managing Director, Sonali Bank PLC.
	Mr. Md. Abdul Jabber CEO & Managing Director, Janata Bank PLC.
	Mr. Md. Abul Hossain Managing Director, Investment Corporation of Bangladesh
	Mr. Md. Mehmood Husain Managing Director, National Bank Limited
	Mr. Sheikh Mohammad Maroof AMD & Chief Business Officer, The City Bank Limited
	Mr. Md. Sazzad Hossain Deputy Managing Director, Bank Asia Limited
	Mr. Md. Kazim Uddin CEO, National Life Insurance Company Limited
Managing Director	Mr. Md. Golam Sarwar Bhuiyan

Page- 64 IIDFC LIMITED ANNUAL REPORT-2022

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

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

Meeting of the Board

The Board held 13 (Thirteen) meetings in the year under reporting. Meetings were conducted in compliance with the Companies Act 1994. The actions and decisions were taken for the best interest of the Company and Stakeholders.

The Chairman

Role and responsibilities

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

The prime role and responsibilities of the Chairman are:

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

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

Roles and responsibilities of Board

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

Roles of the Board of Directors

a) Establish vision, mission and values

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

b) Set strategy and structure

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

c) Delegation of Authority

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

d) Exercise accountability to Shareholders and Stakeholders

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

Responsibilities of Directors

The prime responsibilities of the Directors are:

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

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

))))))))>>>= IIDFC LIMITED | ANNUAL REPORT-2022



The Managing Director

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

The Audit Committee

The Audit Committee of IIDFC assists the Board in fulfilling its overall responsibilities for financial reporting process, internal control system, audit process and the Company's adherence with related laws and regulations and the code of conducts. The Committee carries out its functions based on the Terms of Reference (ToR) as mentioned in the Bangladesh Bank's DFIM Circular # 13, dated October 26, 2011. The Committee constituted by the Board and consists of 4 (Four) members and plays its role accordingly. They have adequate expertise and have good understanding about IIDFC's operations and related risk associates therewith. The Chairman of the Audit Committee is a distinguished banker with high level of experience in this area. The committee reviews the plan of internal and external auditors, the effectiveness of audit, and the independence and objectivity. In 2022, the committee held 4 (four) meetings.

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



Role of the Audit Committee

a) Internal Control

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

b) Financial Reporting

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

c) Internal Audit

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

d) External Audit

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

e) Regulatory Compliance

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

f) Miscellaneous

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

Page- 68 IIDFC LIMITED ANNUAL REPORT-2022

Executive Committee of the Board

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

Role of the Executive Committee

The key role and responsibilities of Executive Committee are:

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



MANAGEMENT COMMITTEE AND IT'S SUB-COMMITTEES

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

Asset Liability Management Committee

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

BASEL Implementation Unit

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

Risk Management Forum

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

Central Compliance Unit

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

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

Page- 70 IIDFC LIMITED ANNUAL REPORT-2022

ETHICS AND CODE OF CONDUCT GUIDELINE

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

Code of Conduct for Employees

The following issues must be addressed:

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

Employee Compliance and Responsibilities

The employees should:

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

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

Page- 72 IIDFC LIMITED ANNUAL REPORT-2022

Human Capital

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

Management of Human Capital

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

IIDFC applies human capital management for:

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

Merit Based Hiring

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

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

Remuneration & Benefits

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

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

Performance evaluation

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

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

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

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

Training for Human Resource Development

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

Promotion, increment and incentive

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

Page- 74 IIDFC LIMITED ANNUAL REPORT-2022

Succession Planning

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

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

Organogram

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





Page- 76 IIDFC LIMITED ANNUAL REPORT-2022

Report of the Managing Director and the Head of Finance & Accounts (CC)

30 October, 2023

The Board of Directors IIDFC Limited

Subject: Declaration on Financial Statements for the year ended on 31 December 2022.

Dear Sirs,

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

- 1) The Financial Statements of IIDFC Limited for the year ended on 31 December 2022 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
- 2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- 3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- 4) Toensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- 5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- 6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that:

- i) We have reviewed the financial statements for the year ended as 31 December 2022 and that to the best of our knowledge and belief:
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and
 - b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sd/-

Md. Golam Sarwar Bhuiyan

Managing Director

Sd/Sanjoy Karmaker
SAVP - Head of Finance & Accounts (CC)



Independent Auditor's Report
and
Audited Consolidated and Separate
Financial Statements
of

Industrial and Infrastructure Development
Finance Company Limited (IIDFGL)
As at and for the year ended 31 December 2022

Page- 78 IIDFC LIMITED ANNUAL REPORT-2022

Independent Auditor's Report

To the Shareholders of Industrial and Infrastructure Development Finance Company Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated financial statements of Industrial and Infrastructure Development Finance Company Limited and its subsidiaries (the "Group") as well as the separate financial statements of Industrial and Infrastructure Development Finance Company Limited (the "Company"), which comprise the consolidated and separate balance sheets as at 31 December 2022 and the consolidated and separate profit and loss accounts, consolidated and separate statements of changes in equity and consolidated and separate cash flow statements for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and separate financial statements of the Company give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Company as at 31 December 2022, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 02.

Basis for opinion

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

Key Audit Matters

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

Risk Our response to the risk MEASUREMENT OF PROVISION FOR LOANS AND ADVANCES

The process for estimating the provision loans and advances portfolio associated with credit risk is significant and complex.

For the individual analysis, these provisions consider the estimates of future business performance and the market value of collateral provided for credit transactions.

We tested the design and operating for effectiveness of key controls focusing on the following:

- Tested the credit appraisal, loan disbursement procedures, monitoring and provisioning process.
- Identification of loss events, including early warning and default warning indicators.
- Reviewed quarterly Classification of Loans (CL).

Risk

For the collective analysis, these provisions are manually processed that deals with voluminous databases, assumptions and calculations for the provision estimates of complex design and implementation.

At year end the Company reported total gross loans and advances of Tk. 11,784,441,057 (2021: Tk. 13,926,094,156) and provision for loans and advances of Tk. 3,622,459,262 (2021: Tk. 1,469,631,110).

Our response to the risk

Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:

- Reviewed the adequacy of the companies general and specific provisions.
- Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information.
- Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.

Risk

Our response to the risk

LEGAL AND REGULATORY MATTERS

We focused on this area because the Company and its subsidiaries (the "Group") operates in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict.

These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions which have been established and other contingent liabilities.

Overall, the legal provision represents the Group's best estimate for existing legal matters that have a probable and estimable impact on the Group's financial position.

We obtained an understanding, evaluated the design and tested the operational effectiveness of the Group's key controls over the legal provision and contingencies process.

We enquired to those charged with governance to obtain their view on the status of all significant litigation and regulatory matters.

We enquired of the Group's internal legal counsel for all significant litigation and regulatory matters and inspected internal notes and reports. We also received formal confirmations from external counsel.

We assessed the methodologies on which the provision amounts are based, recalculated the provisions, and tested the completeness and accuracy of the underlying information.

We also assessed the Group's provisions and contingent liabilities disclosure.

Risk

Our response to the risk

IT SYSTEMS AND CONTROLS

Our audit procedures have a focus on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and IT dependent manual controls.

We tested the design and operating effectiveness of the Group's IT access controls over the information systems that are critical to financial reporting. We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized. We tested the Group's periodic review of access rights.

Risk

Our areas of audit focus included user access management, developer access to the production environment and changes to the IT environment. These are key to ensuring IT dependent and application-based controls are operating effectively.

Our response to the risk

We inspected requests of changes to systems for appropriate approval and authorization. We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit.

Where deficiencies were identified, we tested compen- sating controls or performed alternate procedures. In addition, we understood where relevant, changes were made to the IT landscape during the audit period and tested those changes that had a significant impact on financial reporting.

OTHER INFORMATION

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

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AND INTERNAL CONTROLS

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on other Legal and Regulatory Requirements

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

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

Page- 82 |]]]])))) ANNUAL REPORT-2022

- (iii) the consolidated balance sheet and consolidated profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (iv) the expenditures incurred were for the purpose of the Company's business for the year;
- (v) the financial statements of the Company have been drawn up in conformity with the Financial Institutions Act, 1993 and in accordance with the accounting rules and regulations which were issued by Bangladesh Bank to the extent applicable to the Company;
- (vi) adequate provisions have been made for loans, advances, leases, investment and other assets which are, in our opinion, doubtful of recovery and Bangladesh Bank's instructions in this regard have been followed properly;
- (vii) the financial statements of the Company conform to the prescribed standards set in the accounting regulations which were issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- (viii) the records and statements which were submitted by the branches have been properly maintained and recorded in the financial statements;
- (ix) statements sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our attention;
- (x) taxes and other duties were collected and deposited in the Government treasury by the Company as per Government instructions found satisfactory based on test checking;
- (xi) nothing has come to our attention that the Company has adopted any unethical means i.e. 'window dressing' to inflate the profit and mismatch between the maturity of assets and liabilities;
- (xii) proper measures have been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank and the instructions which were issued by Bangladesh Bank and other regulatory authorities have been complied properly as disclosed to us by management;
- (xiii) based on our work as mentioned above under the auditor's responsibility section, the internal control and the compliance of the Company is satisfactory, and effective measures have been taken to prevent possible material fraud, forgery and internal policies are being followed appropriately;
- (xiv) the Company has complied with relevant laws pertaining to capital, reserve and net worth, cash and liquid assets and procedure for sanctioning and disbursing loans/leases found satisfactory;
- (xv) we have reviewed over 80% of the risk weighted assets of the Company and we have spent around 1,811 person hours for the audit of the books and accounts of the Company;
- (xvi) the Company has complied with relevant instructions which were issued by Bangladesh Bank relevant to classification, provisioning and calculation of interest suspense;
- (xvii) the Company has complied with the Financial Institutions Act, 1993 in preparing these financial statements; and
- (xviii) all other issues which in our opinion are important for the stakeholders of the Company have been adequately disclosed in the audit report.

Name of Firm: M M Rahman & Co.

Chartered Accountants

Signature of the Auditor: Sd/-

Name of the Auditor: Syed Mahmud Ahmad FCA

Senior Partner

Enrolment No.: 586

DVC: 2311190586AS943048 Dhaka, 19 November 2023

~~~~((((((

Consolidated Balance Sheet

As at 31 December 2022

		2022	2021
PROPERTY & ASSETS	Notes	<u>BDT</u>	<u>BDT</u>
Cash	3.a	440.007	F0 000
In Hand (including foreign currencies) Balance with Bangladesh Bank and its Agent Bank(s)		112,837	52,266
(including foreign currencies)		92,821,301	92,694,427
(including loreign currences)		92,934,138	92,746,693
		02,004,100	02,140,000
Balance with Other Banks and Financial Institutions	4.a		1
Inside Bangladesh		676,816,217	546,085,531
Outside Bangladesh		676,816,217	546,085,531
Money at Call and Short Notice	5	070,010,217	340,003,331
money at our and oner notice	· ·		
Investments	6.a		
Government		-	-
Others		980,373,021	1,059,095,072
	12.4	980,373,021	1,059,095,072
Loans & Advances	7.a		
Lease Receivables		1,633,159,672	1,815,950,887
Advance for Lease Finance		44,339,980	44,339,980
Direct/ Term Finance		9,697,487,072	11,521,977,638
Secured Overdraft Bills Discounted and Purchased		58,968,131 106,241,692	48,128,571
Margin Loans		2,123,347,400	116,170,351 2,350,630,888
ivial gill Loans	L	13,663,543,947	15,897,198,315
Fixed coasts including promises furniture 9 fixtures etc	0.5		
Fixed assets including premises, furniture & fixtures etc.	8.a	50,211,189	56,028,967
Other Assets	9.a	1,891,620,622	2,108,854,006
Non-banking assets	10	12,287,820	12,287,820
Total Assets		17,367,786,954	19,772,296,403
LIABILITIES & CAPITAL			
Borrowings from other banks, financial institutions & agents	11.a	6,015,408,395	5,351,478,380
Deposits & Other Accounts	12.a		
Current Deposits & Other Accounts, etc.		-	
Bills Payable			-
Savings Bank Deposits			- · · · · · · · · · · · · · · · · · · ·
Term Deposits		6,470,220,111	9,062,128,157
Bearer Certificate of Deposits		0.400.545	0.544.000
Other Deposits		2,196,515 6,472,416,625	2,511,968 9,064,640,125
		0,472,410,023	3,004,040,123
Other Liabilities	13.a	6,495,021,779	4,038,666,425
Total Liabilities	74 (1) (1) -	18,982,846,800	18,454,784,930
Capital/ Shareholders' Equity			N HE HE
Paid up Capital	14	1,737,770,680	1,737,770,680
Statutory Reserve	15	371,950,483	371,950,483
General Reserve	16.a	68,206,552	67,800,000
Share Money Deposit	17	-	MINISTER STATE
Stock Dividend	18.a		
Retained Earnings	19.a	(3,793,140,303)	(860,162,107)
Total Equity attributable to Shareholder of the Company		(1,615,212,587)	1,317,359,056
Non-controlling Interest	19.a.3	152,742	152,417
Total Liabilities & Shareholders' Equity		17,367,786,954	19,772,296,403
Total Elabilities & Ollarelloiders Equity	_	17,007,700,004	13,112,230,403

Consolidated Balance Sheet

As at 31 December 2022

OFF-BALANCE SHEET ITEMS	Notes	2022 BDT	2021 BDT
Contingent liabilities Letters of guarantee Letters of credit Irrevocable letter of credit Bills for collection Other contingent liabilities	20	200,562,022 - - - - - 200,562,022	202,396,222 - - - - - 202,396,222
Others commitments: Money at call and short notice Forward assets purchased and forward deposits placed Undrawn note issuance and revolving underwriting facilities Undrawn formal standby facilities, credit lines and other commitments		- - - -	-
Total off-balance sheet items including contingent liabilities		200,562,022	202,396,222

Sd/-Sd/-Sd/-Sd/-ChairmanDirectorManaging DirectorCompany Secretary

Name of Firm : M M Rahman & Co.

Chartered Accountants

Signature of the Auditor : Sd/-

Name of the Auditor : Syed Mahmud Ahmad FCA

Senior Partner

Enrolment No.: 586

DVC: 2311190586AS943048 Dhaka, 19 November 2023

Consolidated Profit and Loss Account

For the year ended 31 December 2022

			2022	2021
	ODERATIVO MOCKET	Notes	<u>BDT</u>	<u>BDT</u>
A.	OPERATING INCOME			
	Interest income	21.a	507,987,421	1,054,816,685
	Interest paid on deposits, borrowings etc.	22.a	(1,018,678,024)	(1,193,594,428)
	Net interest income		(510,690,603)	(138,777,743)
	Income from investment	23.a	60,125,491	208,721,529
	Commission, exchange and brokerage	24.a	115,642,375	183,433,533
	Other operating income	25.a	48,401,416	39,800,836
	Total operating income		(286,521,321)	293,178,155
B.	OPERATING EXPENSES			
	Salaries & allowances	26.a	259,346,676	246,129,188
	Rent, taxes, insurance, electricity etc.	27.a	19,345,915	14,705,996
	Legal expenses	28.a	8,497,650	8,605,264
	Postage, stamp, telecommunications etc.	29.a	6,353,444	5,980,497
	Stationery, printing, advertisement etc.	30.a	6,410,265	4,746,725
	Managing director's salary and fees	31	7,550,313	7,199,449
	Directors' fees	32.a	2,080,400	936,000
	Auditor's fees	33.a	1,012,920	862,500
	Loans & advances written-off	34.a 35.a	70,908,577	175,558,034 30,791,848
	Repair, depreciation and amortization of company's assets Other expenses	36.a	31,660,784 46,972,133	46,134,559
	Total operating expenses	30.a	460,139,077	541,650,060
C.	Profit/(Loss) before provision (A-B)		(746,660,398)	(248,471,905)
D.	Provision for loans & advances	37.a	(2,222,222,	
υ.	Specific provision	57.a	1,087,863,058	535,675,602
	General provision		1,435,325	(29,657,465)
	Provision for diminution in value of investments		14,465,677	35,114,574
	Other provision		1,049,281,548	43,266,657
	Total provision		2,153,045,609	584,399,368
E.	Profit/(Loss) before taxes (C-D)		(2,899,706,006)	(832,871,274)
F.	Provision for tax:			
	Current tax	38.a	30,495,654	47,863,173
	Deferred tax		2,369,660	3,781,839
	Total provision		32,865,314	51,645,012
G.	Profit/(Loss) after taxes (E-F)		(2,932,571,320)	(884,516,285)
	Attributable to:			
	Shareholders of the company		(2,932,584,907)	(884,529,546)
	Non-controlling interest		13,587	13,261
			(2,932,571,320)	(884,516,285)
	Less: Appropriations			
	Statutory reserve		-	- 1 1 1 1 1 1 - 1
	General reserve			-
	Retained surplus/(Deficit)		(2,932,571,320)	(884,516,285)
	Earnings per share (EPS)	39.a	(16.88)	(5.09)
	The annexed notes 1 to 45 form an integral pa	art of these finan	` '	

Sd/-Sd/-Sd/-Sd/-Director Chairman Managing Director Company Secretary

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

Signature of the Auditor:

Name of the Auditor: Syed Mahmud Ahmad FCA

Senior Partner 586 Enrolment No.:

DVC: 2311190586AS943048 Dhaka, 19 November 2023

Page- 86 IIDFC LIMITED **ANNUAL REPORT-2022**

Consolidated Cash Flow Statement

For the year ended 31 December 2022

A CASH FLOW FROM OPERATING ACTIVITIES Interest receipts in cash 421,009,53	BDT 7 1,062,207,153
	7 1.062.207.153
Interest receipts in cash 421.009.53	1.002.207.103
Interest payments in cash (1,063,516,35	(1,267,928,528)
Dividend receipts in cash 26,293,49	
Cash payments to employees (248,258,94	
Cash payments to suppliers (9,108,40	
Income taxes paid (33,526,29	
Receipts from other operating activities 190,782,16	
Payments for other operating activities (77,599,57	
Cash generated from operating activities (793,924,38	(170,900,231)
Increase/(Decrease) in operating assets and liabilities	7
Statutory deposits Loans and advances 2,229,312,36	3 1,245,749,605
Changes in other assets 2,229,312,30	
Borrowings from other banks 664,024,8°	
Borrowings from other corporate and financial institutions (2,015,377,02	
Deposits from customers (687,019,53	
Changes in other liabilities 339,151,39	,
747,510,53	
Net cash (used in)/from operating activities (46,413,85	226,690,622
B CASH FLOW FROM INVESTING ACTIVITIES	
Proceeds from sale of securities 697,367,60	1,230,464,314
Payments for purchase of securities (504,051,03	
Purchase of property, plant and equipment (19,861,27	
Payment against lease obligation	
Proceeds from sale of property, plant and equipment 3,876,68	
Net cash used in investing activities 177,331,98	(516,745,132)
C CASH FLOW FROM FINANCING ACTIVITIES	
Dividend paid	
Share Money Deposit	-
Net cash from/(used in) financing activities	<u>-</u>
D Net increase/(decrease) in cash and cash equivalents (A+B+C) 130,918,13	2 (290,054,509)
E Effects of exchange rate changes on cash and cash equivalents	-
F Cash and cash equivalents at beginning of the year 638,832,22	928,886,733
G Cash and cash equivalents at end of the year (D+E+F) 769,750,38	5 638,832,224
Cash and cash equivalents at end of the year	
Cash in hand 112,83	
Balance with Bangladesh Bank and its agent bank(s) 92,821,30	
Balance with other banks and financial institutions 676,816,2	7 546,085,531
Money at call and short notice 769,750,38	5 638,832,224
709,730,38	030,032,224

Sd/-Sd/-Sd/-Sd/-ChairmanDirectorManaging DirectorCompany Secretary

Name of Firm : M M Rahman & Co.

Chartered Accountants

Signature of the Auditor:

Name of the Auditor: Syed Mahmud Ahmad FCA

Senior Partner

Enrolment No.: 586

DVC: 2311190586AS943048 Dhaka, 19 November 2023

Consolidated Statement of Changes in Equity For the year ended 31 December 2022

Particulars	Paid-up Capital	Statutory Reserve	General Reserve	Retained Earnings	Proposed Stock Dividend	Share Money Deposit	Non-controlling Interest	Total
Balance as on 1 January 2022	1,737,770,680	371,950,483	67,800,000	(860,162,107)	•	-	152,417	1,317,511,473
Changes in accounting policy	1	•	•	•	1	•	,	•
Restated balance	1,737,770,680	371,950,483	67,800,000	(860,162,107)	1	1	152,417	1,317,511,473
Surplus/(deficit) on account of revaluation of			•			'	'	•
properties								
Net profit for the year	•	•	•	(2,932,571,320)	•	'	'	(2,932,571,320)
Share Money Deposit	1	-	•	•	•	'	•	•
Right Share Issue	•	1	•	•	•	'	'	•
Transfer to Non-controlling Interest (NCI)	•	•	•	(326)	•	'	326	•
Dividend (Stock 2018)	•	•	•	•	•	'	'	•
Transferred to statutory reserve	•	•	•	•	•	'	'	•
Transferred to general reserve	-	-	406,552	(406,552)	-	-	-	-
Balance as at 31 December 2022	1,737,770,680	371,950,483	68,206,552	(3,793,140,303)	-	-	152,742	(1,615,059,845)

Managing Director Director Chairman

Company Secretary

M M Rahman & Co. Chartered Accountants

Sd/-

Syed Mahmud Ahmad FCA Senior Partner

586

DVC: 2311190586AS943048

Dhaka, 19 November 2023 Signature of the Auditor: Name of the Auditor: Enrolment No.: Name of Firm:

Page- 88

IIDFC LIMITED ANNUAL REPORT-2022

Balance Sheet

As at 31 December 2022

		2022	2021
PROPERTY & ASSETS	Notes	<u>BDT</u>	<u>BDT</u>
Cash	3		
In Hand (including foreign currencies)		32,074	12,622
Balance with Bangladesh Bank and its Agent Banks		-	-
(including foreign currencies)		92,821,301	92,694,427
		92,853,375	92,707,049
Balance with other Banks and Financial Institutions	4		
Inside Bangladesh		432,040,340	318,930,769
Outside Bangladesh		-	-
		432,040,340	318,930,769
Money at Call and Short Notice	5	-	-
Investments	6		
Government		-	-
Others		526,098,201	675,573,711
		526,098,201	675,573,711
Loans & Advances	7		
Lease Receivables		1,633,159,672	1,815,950,887
Advance for Lease Finance		44,339,980	44,339,980
Direct/ Term Finance		9,941,731,582	11,901,504,367
Secured Overdraft		58,968,131	48,128,571
Bills Discounted and Purchased		106,241,692	116,170,351
		11,784,441,057	13,926,094,156
Fixed assets including premises, furniture & fixtures etc.	8	40,159,448	51,774,584
Other Assets	9	3,075,322,099	3,270,034,072
Non-Banking Assets	10	12,287,820	12,287,820
Total Assets		15,963,202,339	18,347,402,160
LIABILITIES & CAPITAL			
Borrowings from other banks, financial institutions & agents	11	5,814,106,101	5,150,081,282
Deposits & Other Accounts	12		
Current deposits & Other Accounts, etc.	12	_	_
Bills Payable		_	_
Savings Bank Deposits		_	_
Term Deposits		6,470,220,111	9,062,128,157
Bearer Certificate of Deposits		, , ,	_
Other Deposits		2,196,515	2,511,968
		6,472,416,626	9,064,640,125
Other Liabilities	13	5,398,027,030	2,917,100,517
Total Liabilities		17,684,549,757	17,131,821,924
Capital/ Shareholders' Equity			
Capital/ Shareholders' Equity Paid-up Capital	14	1,737,770,680	1,737,770,680
Statutory Reserve	15	371,950,483	371,950,483
General Reserve	16	50,800,000	50,800,000
Share Money Deposit	17	-	-
Proposed Stock Dividend	18	_	
Retained Earnings	19	(3,881,868,583)	(944,940,927)
Total Shareholders' Equity		(1,721,347,419)	1,215,580,236
Total Liabilities & Shareholders' Equity		15,963,202,339	18,347,402,160

Balance Sheet

As at 31 December 2022

		2022	2021
OFF-BALANCE SHEET ITEMS	Notes	<u>BDT</u>	<u>BDT</u>
Contingent lightlities	20		
Contingent liabilities	20	200 502 022	202 202 222
Letters of guarantee		200,562,022	202,396,222
Letters of credit			
Irrevocable letter of credit			
Bills for collection			
Other contingent liabilities			
		200,562,022	202,396,222
Others commitments:			
Money at call and short notice		14 1 1 - 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	
Forward assets purchased and forward deposits placed		-	
Undrawn note issuance and revolving underwriting facilities		-	Maria Land
Undrawn formal standby facilities, credit lines and other commitments		-	
Total off-balance sheet items including contingent liabilities		200,562,022	202,396,222

Sd/-Sd/-Sd/-Sd/-ChairmanDirectorManaging DirectorCompany Secretary

Name of Firm: M M Rahman & Co.

Chartered Accountants

Signature of the Auditor : Sd/-

Name of the Auditor: Syed Mahmud Ahmad FCA

Senior Partner

Enrolment No.:

586

DVC: 2311190586AS943048 Dhaka, 19 November 2023

Page- 90 IIDFC LIMITED ANNUAL REPORT-2022

Profit and Loss Account

For the year ended 31 December 2022

			2022	2024
		Notes	2022	2021
Α.	OPERATING INCOME	Notes	<u>BDT</u>	<u>BDT</u>
۸.				
	Interest income	21	448,065,657	1,006,065,037
	Interest paid on deposits, borrowings etc.	22	(1,006,862,849)	(1,189,782,299)
	Net interest income		(558,797,192)	(183,717,262)
	Income from investment	23	23,071,888	116,662,550
	Commission, exchange and brokerage	24	The second second second	
	Other operating income	25	39,613,427	31,012,023
	Total operating income		(496,111,877)	(36,042,689)
В.	OPERATING EXPENSES			
	Salaries & allowances	26	185,403,284	172,965,083
	Rent, taxes, insurance, electricity etc.	27	9,369,606	6,293,747
	Legal expenses	28	6,605,983	7,215,522
	Postage, stamp, telecommunications etc.	29	4,115,990	3,880,062
	Stationery, printing, advertisement etc.	30	4,992,418	3,832,803
	Managing director's salary and fees	31	7,550,313	7,199,449
	Directors' fees	32	1,464,000	792,000
	Auditor's fees	33	679,420	529,000
	Repair, depreciation and amortization of company's assets	35	28,589,298	28,644,224
	Other expenses	36	31,992,532	27,477,417
	Total operating expenses		280,762,844	258,829,307
C.	Profit/(Loss) before provision (A-B)		(776,874,721)	(294,871,996)
D.	Provision for loans & advances	37		
	Specific provision		1,087,863,058	535,675,602
	General provision		1,435,325	(29,657,465)
	Additional provision as per BB		(2,340,554)	34,065,109
	Provision for diminution in value of investments		1,051,622,102	9,201,548
	Other provision		14,248,215	34,271,249
	Total provision		2,152,828,147	583,556,043
E.	Profit/(Loss) before taxes (C-D)		(2,929,702,867)	(878,428,040)
F.	Provision for tax:			
	Current tax	38	5,000,000	6,878,244
	Deferred tax	38.1	2,224,788	3,275,521
	Total provision		7,224,788	10,153,765
	Profit after taxes		(2,936,927,655)	(888,581,804)
	Less: Appropriations		(, , , , , , , , , , , , , , , , , , ,	(111)11 ,304
	Statutory reserve		_	
	General reserve		_	
			-	
	Retained surplus/(Deficit)		(2,936,927,655)	(888,581,804)
	Earnings per share (EPS)	39	(16.90)	(5.11)

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

Sd/-Sd/-Sd/-Sd/-Chairman Director Managing Director Company Secretary

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

Signature of the Auditor: Sd/-

Syed Mahmud Ahmad FCA Senior Partner Name of the Auditor :

Enrolment No. :

DVC: 2311190586AS943048 Dhaka, 19 November 2023

Statement of Cash Flows

For the year ended 31 December 2022

	2022 BDT	2021 BDT
A CARL ELOW EDOM ODEDATINO ACTIVITIES.		
A CASH FLOW FROM OPERATING ACTIVITIES: Interest receipts in cash	340,662,049	966,623,558
Interest payments in cash	(1,021,400,298)	(1,204,328,386)
Dividend receipts in cash	16,570,275	13,960,441
Cash payments to employees	(192,953,597)	(180,164,532)
Cash payments to suppliers	(9,108,408)	(7,712,865)
Income taxes paid	(8,307,787)	(12,183,506)
Receipts from other operating activities	46,115,040	133,714,131
Payments for other operating activities	(50,825,007)	(44,120,006)
Cash generated from operating activities	(879,247,733)	(334,211,164)
Increase/(decrease) in operating assets and liabilities Statutory deposits		77.77
Loans and advances to other customers	2,141,653,100	1,346,277,296
Changes in other assets	194,711,972	(42,699,857)
Borrowings from Other Banks	664,024,819	(372,026,627)
Borrowings from other Corporate & FIs	(1,880,000,000)	(1,320,732,003)
Deposits from customers	(711,908,046)	171,328,376
Changes in other liabilities	328,098,367	708,291,755
	736,580,212	490,438,939
Net Cash from Operating Activities	(142,667,522)	156,227,775
B CASH FLOW FROM INVESTING ACTIVITIES: Investments In Subsidiary Proceeds from sale of securities Payments for purchase of securities Purchase of property, plant and equipment Payment against lease obligation Proceeds from sale of property, plant and equipment	697,367,603 (433,232,957) (12,041,399) - 3,830,173	1,230,464,314 (1,750,763,113) (4,654,632) - 1,591,812
Net cash used in investing activities	255,923,420	(523,361,620)
C CASH FLOW FROM FINANCING ACTIVITIES:		
Dividend paid	-	
Share Money Deposit	-	-
Net cash from financing activities	The state of the	
D Net increase/(decrease) in cash and cash equivalents (A+B+C)	113,255,898	(367,133,845)
E Effects of exchange rate changes on cash and cash equivalents		-
F Cash and cash equivalents at beginning of the year	411,637,817	778,771,662
G Cash and cash equivalents at end of the year (D+E+F)	524,893,715	411,637,817
Cash and cash equivalents at end of the year		
Cash in hand	32,074	12,622
Balance with Bangladesh Bank and its agent bank(s)	92,821,301	92,694,427
Balance with other banks and financial institutions Money at call and short notice	432,040,340	318,930,769
Money at call and Short Houce	524,893,715	411,637,817
	02-1,000,710	411,007,017

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

Sd/-Sd/-Sd/-Sd/-ChairmanDirectorManaging DirectorCompany Secretary

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

Signature of the Auditor : Sd/-

Name of the Auditor : Syed Mahmud Ahmad FCA

Senior Partner

Enrolment No.:

DVC: 2311190586AS943048 Dhaka, 19 November 2023

Page- 92 IIDFC LIMITED ANNUAL REPORT-2022

For the year ended 31 December 2022 Statement of Changes in Equity

Amount in BDT

Particulars	Paid-up Capital	Statutory Reserve	General Reserve	Retained Earnings	Proposed Stock Dividend	Share Money Deposits	Total
Balance as on 1 January 2022	1,737,770,680	371,950,483	50,800,000	(944,940,927)	•	•	1,215,580,236
Changes in accounting policy	1	•	•				-
Restated balance	1,737,770,680	371,950,483	50,800,000	(944,940,927)		-	1,215,580,236
Share Money Deposit		1					-
Right Share Issue	•	•	•				1
Net profit for the year	•	•	•	(2,936,927,655)	•	•	(2,936,927,655)
Dividend	•	-					-
Transferred to statutory reserve	1		•				-
Transferred to general reserve	1		1	•			
Balance as at 31 December 2022	1,737,770,680	371,950,483	50,800,000	(3,881,868,583)	- 1		(1,721,347,419)

Chairman

Sd/-Director

Managing Director

Company Secretary

Name of Firm:

M M Rahman & Co. Chartered Accountants

Signature of the Auditor:

Name of the Auditor:

Syed Mahmud Ahmad FCA Senior Partner

586

DVC: 2311190586AS943048 Dhaka, 19 November 2023

Enrolment No.:

Liquidity Statement

For the year ended 31 December 2022

Amount in BDT

Particulars	Up to 1 month maturity	1-3 months maturity	3-12months maturity	1-5 years maturity	More than 5 years maturity	Total
ASSETS:						
Cash	32,074	•		•	•	32,074
Balances with Bangladesh Bank	92,821,301	•		•	•	92,821,301
Balances with other Banks	163,860,119	122,927,221	103,158,167	42,094,833		432,040,340
Money at Call and on Short Notice	•	•		•		•
Investments	185,805,156	120,225,821	139,073,645	80,993,579		526,098,201
Loans and Advances	1,104,712,031	3,005,531,884	4,191,465,113	2,520,392,781	962,339,248	11,784,441,057
Property, Plant & Equipment	2,848,884	9,037,389	17,167,130	11,106,045		40,159,448
Other Assets	257,167,712	501,092,057	1,036,370,482	658,470,774	622,221,075	3,075,322,099
Non-Banking Assets	•	•	•	12,287,820		12,287,820
Total assets	1,807,247,276	3,758,814,372	5,487,234,537	3,325,345,831	1,584,560,323	15,963,202,339
LIABILITIES:						
Borrowing from other banks, Fin. Ins. & Agents	1,153,868,658	1,208,891,994	1,472,860,318	960,796,622	1,017,688,509	5,814,106,101
Deposit and other accounts	352,756,831	1,670,648,062	2,561,818,384	1,660,782,562	226,410,786	6,472,416,626
Provision and other liabilities	348,770,402	1,052,305,704	1,212,522,108	785,278,361	1,999,150,456	5,398,027,030
Total liabilities	1,855,395,891	3,931,845,760	5,247,200,810	3,406,857,545	3,243,249,750	17,684,549,757
Net liquidity gap	(48,148,615)	(173,031,388)	240,033,726	(81,511,714)	(1,658,689,427)	(1,721,347,419)

Director Name of Firm: Chairman

Company Secretary

Managing Director

M M Rahman & Co. Chartered Accountants

Sd/-

Syed Mahmud Ahmad FCA Senior Partner

586

DVC: 2311190586AS943048 Dhaka, 19 November 2023

Enrolment No.:

Page- 94

Signature of the Auditor: Name of the Auditor:

Notes to the Consolidated and Separate Financial Statements

As at and for the year ended 31 December 2022

1.0 Reporting entity and its activities

1.01 Company's profile

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

1.02 Principal activities and nature of operation

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

1.03 Subsidiary Companies

IIDFC Securities Limited

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

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

IIDFC Capital Limited

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

2.0 Basis of preparation and significant accounting policies

2.01 Basis of preparation

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

Statement of compliance

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

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

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

SL.	Nature of Departure	Title of IFRS	Treatment of IFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
1.	Measurement of provision for leases, loans and advances (financial assets measured at amortized cost)	IFRS 9 Financial Instruments	An entity shall assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets measured at amortized cost is impaired. If any such evidence exists, expected credit losses are required to be measured through a loss allowance at an amount equal to: a) the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or b) full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).	As per FID circular No. 08, dated 03 August 2002, FID circular No. 03, dated 03 May 2006 and FID circular No. 03, dated 29 April 2013, a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained irrespective of objective evidence of impairment on lease, loans and advances. Also provision for sub-standard investments, doubtful investments and bad losses has to be provided at 20%, 50% and 100% respectively for investments depending on the duration of overdue.	In Financial Statements, as at 31 December 2022, accumulated provision for leases, loans and advances stand at BDT 2,425.19 million
2.	Valuation of Investments in quoted and unquoted shares	IFRS 9 Financial Instruments	Investment in shares falls either under at "fair value through profit/ loss (FVTPL)" or "fair value through other comprehensive income (FVTOCI)" where any change in the fair value in case of FVTPL at the year-end is taken to profit or loss, and any change in fair value in case of FVTOCI is taken to other comprehensive income.	As per FID circular No. 08, dated 03 August 2002 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment; however in case of any unrealized gain, no such gain can be recognized and investments are recognized at cost only.	During this year total market value of all shares are less than the cost price of all shares. In Financial Statement, as at 31 December 2022, Provision for diminution in value of investments stands BDT 136.45 million.
3.	Recognition of interest income for SMA and classified lease, loans and advances	IFRS 9 Financial Instruments	Income from financial assets measured at amortized cost is recognized through effective interest rate method over the term of the investment. Once a financial asset is impaired, investment income is recognized in profit and loss account on the same basis based on revised carrying amount.	As per FID circular No. 03, dated 03 May 2006, once an investment on leases, loans and advances is termed as "Special Mention Account (SMA)", interest income from such investments are not allowed to be recognized as income, rather the respective amount needs to be credited as a liability account like: interest suspense account.	As at 31 December 2022, in Financial Statements interest suspense account was BDT 982.33 million whereas last year was Taka 656.98 million. This amount has been shown in other liabilities

Page- 96 IDFC LIMITED ANNUAL REPORT-2022

4.	Presentation of cash and cash equivalent	IAS 7 Statement of Cash Flows	Cash equivalent are short term, highly liquid investments that are readily convertible to known amounts of cash and only include those investments which are for a short tenure like: 3 months or less period. In the light of above, balance with Bangladesh Bank and fixed term deposits should be treated as investment asset rather than cash equivalent as it is illiquid asset and not available for use in day to day operations.	Bangladesh Bank has issued templates for financial statements vide DFIM Circular No. 11, dated 23 December 2009 which will strictly be followed by all banks and NBFIs. The templates of financial statements provided detail presentation for statement of cash flows.	Financial Statements for 2022 and corresponding year 2021 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank.
5.	Measurement of deferred tax asset	IAS 12 Income Tax	A deferred tax asset shall be recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized.	As per DFIM circular No. 7, dated 31 July 2011, no deferred tax asset can be recognized for any deductible temporary difference against lease, loans and advances.	During this year there is no impact in the financial statements due to this departure as the Company did not consider any deductible temporary difference against leases, loans and advances.
6.	Presentation and disclosure of Financial Statements and Financial Instruments	IAS 1 "Presentation of Financial Statements" IFRS 9 "Financial Instruments" & IFRS 7 "Financial Instruments: Disclosure"	Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single Other Comprehensive Income statement. IAS 1 requires separate line item for intangible assets on the face of statement of financial position. IFRS 7 requires specific presentation and disclosure relating to all financial instruments.	Bangladesh Bank has issued templates for financial statements vide DFIM Circular No. 11, dated 23 December 2009 which will strictly be followed by all banks and NBFIs. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income (OCI) nor are the elements of Other Comprehensive Income allowed to include in a Single Comprehensive Income Statement. Intangibles assets are not separately presented on the face of statement of financial position; rather it is presented along with the line item of fixed assets. As per Bangladesh Bank guidelines, financial instruments are categorized, recognized and measured differently from those prescribed in IFRS-9. As such some disclosure and presentation requirements of IFRS 7 has not been made in the accounts.	Financial Statements of 2022 and corresponding year 2021 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank.
7.	Preparation of Statement of Cash Flows	IAS 7 Statement of Cash Flows	The Cash flow statement can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.	As per DFIM Circular No. 11, dated 23 December 2009, Cash flow statement has been guided by the Bangladesh Bank which is the mixture of direct and indirect method.	Financial Statements of 2022 and corresponding year 2021 have been prepared as per guideline (DFIM Circular No. 11 dated 23 December 2009) of Bangladesh Bank.
8.	Current/Non-current distinction	IAS-1 Presentation of Financial Statement	As per Para 60 of IAS-1 "Presentation of Financial statement" An entity shall present current and non-current assets and current and non-current liabilities as separate classification in its statement of financial position.	As per DFIM Circular No. 11, dated 23 December 2009, Bangladesh Bank has issued templates for financial statements which is applicable for all the Financial Institutions. In this templates there is no current and non-current segmentation of assets and liabilities	Financial Statements of 2022 and corresponding year 2021 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank. Moreover, the liquidity statement shows the aging profile of all financial assets and liabilities from where current/non-current portion of assets and liabilities can be obtained.

9.	Off-balance sheet items	IAS 1 Presentation of Financial Statements	There is no concept of off-balance sheet items in any IFRS; hence there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.	As per DFIM Circular No. 11, dated 23 December 2009, off-balance sheet items (e.g. letter of credit, letter of guarantee etc.) must be disclosed separately on the face of the balance sheet.	Financial Statements of 2022 and corresponding year 2021 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank.
10.	Impairment of Margin Loan (Loans and receivables	IFRS 9 Financial Instruments	Measurement after initial recognition at amortized cost and recording of changes through profit and loss.	As per Bangladesh Securities and Exchange Commission (BSEC) Circular No. SEC/CMRRCD/2009-193/196 dated 28 December 2016, provisions for the year 2016 on impairment of principal portion of margin loan may be kept at 20% on each quarter for the five quarters starting from December 2016.	There is no such impact for this. However, we have been maintaining provision for unrealized loss (if any) of margin loan in the portfolio at higher rate than the requirement.
11.	Complete set of financial statements	IAS 1 Presentation of Financial Statements	As per IAS 1: "Presentation of Financial Statements" complete set of financial statements are i) statement of financial position, ii) statement of profit or loss and other comprehensive income, iii) statement of changes in equity, iv) statement of cash flows, v) notes, comprising significant accounting policies and other explanatory information and vi) statement of financial position at the beginning of preceding period for retrospective restatement.	As per DFIM Circular No. 11, dated 23 December 2009, complete set of financial statements are i) balance sheet, ii) profit and loss account, iii) statement of cash flows, iv) statement of changes in equity, v) statement of liquidity, vi) notes, comprising significant accounting policies and other explanatory information.	Financial Statements of 2022 and corresponding year 2021 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank. There is no financial impact for this departure in the financial statements.
12.	Intangible asset	IAS 1 Presentation of Financial Statements	As per IAS 1: "Presentation of Financial Statements" para 54: the statement of financial position shall include separate line item for intangible assets.	As per DFIM Circular No. 11, dated 23 December 2009, there is no option for separate line item for intangible asset in the balance sheet. However, we present intangible asset in the balance sheet as part of fixed assets and provide details in annexure-A as separate line item.	Financial Statements for 2022 and corresponding year 2021 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank. There is no financial impact for this departure in the financial statements.
13.	Other comprehensive income	IAS 1 Presentation of Financial Statements	As per IAS 1: "Presentation of Financial Statements" Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single OCI statement.	Bangladesh Bank has issued templates for financial statements which will strictly be followed by financial institutions. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income (OCI) nor are the elements of OCI allowed to be included in a single OCI statement. As such the financial institution does not prepare the other comprehensive income statement. However, elements of OCI, if any, are shown in the statements of changes in equity.	Financial Statements of 2022 and corresponding year 2021 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.

Page- 98 IIDFC LIMITED | ANNUAL REPORT-2022

14.	Disclosure of presentation of profit	N/A	There is no requirement to show appropriation of profit in the face of statement of comprehensive income.	As per DFIM circular no 11, dated 23 December 2009, an appropriation of profit should be disclosed in the face of profit and loss account	Financial Statements of 2022 and corresponding year 2021 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank. There is no financial impact for this
					departure in the financial statements.

2.01.02 Investments in shares and securities

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

Bangladesh Bank:

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

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

2.01.03 Provision on loans and advances

As per IFRS-9 'Financial Instruments' an entity should start the impairment assessment by considering whether objective evidence of impairment exists for financial assets that are individually significant. For financial assets which are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

Bangladesh Bank:

As per FID circular No. 08 dated 03 August 2002, FID circular No. 03, dated 03 May 2006 and FID circular No. 03, dated 29 April 2013 a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans/special mention account) has to be maintained.

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

2.01.04 Financial instruments - presentation and disclosure

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

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

2.01.05 Financial guarantees

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

Bangladesh Bank:

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

2.01.06 Cash and cash equivalents

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

Bangladesh Bank:

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

2.01.07 Non-Banking assets

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

2.01.08 Statement of cash flows

Statement of cash flows can be prepared either in "Direct Method" or "Indirect Method". The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

Bangladesh Bank:

As per the requirements of DFIM circular No. 11 dated 23 December 2009, statement of cash flows is a mixture of direct and indirect method.

2.01.09 Balance with Bangladesh Bank (CRR)

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

Bangladesh Bank:

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

2.01.10 Off-balance sheet items

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

Bangladesh Bank:

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

2.01.11 Disclosure of appropriation of profit

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

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

2.01.12 Other comprehensive income

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

Bangladesh Bank:

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

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

Page- 100 IIDFC LIMITED ANNUAL REPORT-2022

2.01.13 Loans and advance net of provision

Loans and advances should be presented as net of provisions.

Bangladesh Bank:

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

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

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

2.02 Basis of consolidation

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

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

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

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

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

2.03 Integral components of financial statements

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

- 1. Consolidated and Separated balance sheet as at December 31, 2022;
- 2. Consolidated and Separated Profit and Loss A/C for the year ended December31, 2022;
- 3. Consolidated and Separated statement of Cash Flows for the year ended December 31, 2022;
- 4. Consolidated and Separated Statement of Changes in Equity for the year ended December 31, 2022;
- 5. Liquidity Statement as at December 31, 2022 &
- 6. Notes to the Consolidated and Separated Financial Statements for the year ended December 31, 2022

2.04 Use of estimate & judgments

The preparation of Financial Statements inconformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. It also requires disclosures of contingent assets and liabilities at the date of the Financial Statements.

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

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

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which from the basis of making the judgments about carrying values of assets and liabilities which are not readily apparent from other sources. Actual results may differ from these estimates. However, the estimates and underlying assumptions are reviewed on an ongoing basis and the revision is recognized in the period in which the estimates are revised.

2.05 Statement of cash flows

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

2.06 Consistency

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

2.07 Reporting period

These Financial Statements cover one calendar year from 01 January to 31 December 2022.

2.08 Presentation currencies

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

2.09 Books of accounts of branch (including Corporate Branch)

The Company has 6 (six) branches including head office (principal branch) so far as on 31 December 2022. Books of Accounts of the branches are maintained at the Head Office of the Company.

2.10 Assets and basis of their valuation

2.10.01 Cash and cash equivalents

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

2.10.02 Investment in securities

Investment in marketable ordinary shares as well as investment in non-marketable shares have been shown at cost. Adequate provision for diminution in value of shares has been made as per Bangladesh Bank guidelines. Market value of securities has been determined on the basis of the value of securities at the last trading day of the period (last trading day for the year was 29 December 2022).

2.10.03 Loans, advances and provisions

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

a) Interest on loans and advances

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

b) Provision for loans and advances

Provision for loans and advances are made on quarter basis as well as year-end review by management following instructions contained in FID circular No. 08 dated 03 August 2002, FID circular No. 03, dated 03 May 2006 and FID circular No. 03, dated 29 April 2006 issued by Bangladesh Bank. General Provision on unclassified loans and advances and specific provision on classified loans & advances are maintained as per circular issued by Bangladesh Bank as mentioned above at the rate of 0.25% for standard-SME, 1% for standard, 5% for SMA, 20% for SS and 50% for DF and 100% for BL.

c) Presentation of loans and advances

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

Page- 102 IDFC LIMITED ANNUAL REPORT-2022

d) Write off loans and advances

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

e) Securities against loan

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

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

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

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

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

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

2.10.04 Property, plant and equipment

2.10.04.01 Owned assets

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

2.10.04.02 Leased assets

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

2.10.04.03 Subsequent expenditure on property, plant and equipment

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

2.10.04.04 Depreciation on property, plant & equipment

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

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

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

2.10.04.05 Intangible assets

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

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

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

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

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

2.10.04.06 Other assets

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

2.10.04.07 Non-banking assets

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

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

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

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

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

2.11 Basis for valuation of liabilities and provisions

2.11.01 Provision for tax

a. Current tax

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

b. Deferred tax

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

Page- 104 IIDFC LIMITED ANNUAL REPORT-2022

amount used for tax purposes. The amount of deferred tax is determined at the effective income tax rate prevailing at the Balance Sheet date.

2.11.02 Employees' benefit obligation

Defined contribution plan

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

Defined benefit plan

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

Other benefit program for employees

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

2.12 Write-off

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

2.13 Capital and shareholders' equity

2.13.01 Capital management

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

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

2.13.02 Paid-up capital

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

2.13.03 Statutory reserve

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

2.13.04 Dividends on ordinary shares

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

2.14 Contingent liabilities and contingent assets

A contingent liability is –

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

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

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

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

2.15 Materiality, aggregation and off setting

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

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

2.16 Revenue recognition

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

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

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

2.16.01 lease Income

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

2.16.02 Income from direct finance

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

Interest on real estate finance

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

Interest on term loans and short term finance

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

2.16.03 Income from structured finance

Income from structured finance is recognized as and when received.

2.16.04 Income from treasury operations

Incomes from treasury operations are recognized on accrual basis.

2.16.05 Dividend income

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

Page- 106 IIDFC LIMITED ANNUAL REPORT-2022

2.16.06 Other operating income

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

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

f. Portfolio management fee

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

g. Issue management & Corporate advisory fee

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

h. Brokerage commission

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

i. Profit or loss on sale of securitie 0s and

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

j. Fee based revenues

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

2.17 Interest accrual on loans and leases

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

2.18 Earnings per share

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

Diluted Earnings per share is not applicable for the year as there is no scope for dilution during the year 2022.

2.19 Presentation of operating segments

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

2.20 Contingent assets & liabilities

Contingent Assets:

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

Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or the Group has a present obligation as a result of past events but is not recognized because it is not likely that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated. Contingent liabilities normally comprise legal claims under arbitration or court process in respect of which a liability is not likely to occur.

2.21 Liquidity statements

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

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

2.22 Events after the reporting period

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

2.23 Going concern

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

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

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

Name of the IAS	IAS No.	Status
Presentation of Financial Statements	1	Applied *
Inventories	2	N/A
Statements of Cash Flow	7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied
Events after the Reporting Period	10	Applied
Income Taxes	12	Applied
Property, Plant and Equipment	16	Applied
Leases	17	Applied
Employee Benefits	19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	20	N/A
The Effects of Changes in Foreign Exchange Rates	21	Applied
Borrowing Costs	23	Applied
Related Party Disclosures	24	Applied
Accounting and Reporting by Retirement Benefit Plans	26	N/A
Separate Financial Statements	27	Applied
Investment in Associates and Joint Ventures	28	N/A
Financial Reporting in Hyperinflationary Economics	29	N/A
Interests in Joint Ventures	31	N/A
Earnings Per Share	33	Applied
Interim Financial Reporting	34	Applied
Impairment of Assets	36	Applied
Provisions, Contingent Liabilities and Contingent Assets	37	Applied
Intangible Assets	38	Applied
Investment Property	40	N/A
Agriculture	41	N/A

Page- 108 IDFC LIMITED ANNUAL REPORT-2022

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

N/A= Not applicable

2.25 Capital adequacy and market discipline

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

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

Pillar - I: Minimum capital requirement

Credit Risk

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

Market risk

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

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

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

Operational risk

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

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

2.26 Stress testing

Stress Testing is an important risk management tool that is used by the Financial Institutions as part of internal risk management and through the Basel II capital adequacy framework, is promoted by Bangladesh Bank. Stress Testing alerts Financial Institutions management to adverse unexpected outcomes related to a variety of risks and provides an Indication of how much capital might be needed to absorb losses should large shock occur. Stress Testing supplements other risk management approaches and measures playing particularly important role in:

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

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

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

2.27 Financial risk management

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

Credit Risk

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

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

Market Risk

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

Liquidity Risk

Liquidity requirements are managed on a day-to-day basis by the Treasury Division which is responsible for ensuring that sufficient funds are available to meet short term obligations, even in a crisis scenario, and for

Page- 110 IIDFC LIMITED | ANNUAL REPORT-2022

maintaining a diversity of funding sources. Treasury Division maintains liquidity based on historical requirements, anticipated funding requirements from operation, current liquidity position, collections from financing, available sources of funds and risks and returns.

Operational Risk

Appropriate internal control measures are in place, at IIDFC, to address operational risks. IIDFC has also established an Operational Risk Management (ORM) to address operational risk and to frame and implement policies to encounter such risks. This department assesses operational risk across the Company as a whole and ensures that an appropriate framework exists to identify, assess and mange operational risk. The function of the ORM department is to exercise constant vigilance against erosion of Shareholders' value by identifying, assessing, measuring and managing operational risk resulting from inadequate or failed internal processes, people and systems or from external events.

Money Laundering and Terrorist Financing Risk

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

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

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

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

Additional risks required to be addressed under regulatory requirements

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

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

Strategic Risk

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

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

Compliance Risk

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

Historically, IIDFC has always fostered a compliance oriented culture. This has been reinforced in a variety of ways, ranging from formal requirements to sign declarations of compliance with the IIDFC code of conduct (which requires compliance with the law & regulations) to repeated communications from senior management stressing the need to do business in a compliant manner. In general, compliance risk management is embedded in the day to day to business processes and practices of the company. Concerned departments are kept informed of latest legal and regulatory requirements by the ICC and Corporate Affairs departments. A consideration of compliance (or any potential non-compliance) with laws and regulations is a standard part of the company's regular decision making processes. Wherever deemed necessary, appropriate legal advice is sought from qualified internal and/or external legal counsel.

Reputation Risk

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

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

Environmental & Social Risk

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

Page- 112 IIDFC LIMITED ANNUAL REPORT-2022

		2022	2021
		<u>BDT</u>	BDT
3	Cash		
	Cash in hand (Note 3.1)	32,074	12,622
	Balance with Bangladesh Bank and its agent bank (Note 3.2)	92,821,301	92,694,427
	Total	92,853,375	92,707,049
		7,000	- 7 - 7-

3.1 Cash in hand

Cash in hand represents the amount under "imprest system of petty cash" to meet petty expenses both for head office as well as branch offices.

3.2 Balance with Bangladesh Bank

Balance with Bangladesh Bank is a non-interest bearing account maintained with Central Bank to meet the Cash Reserve Requirement (CRR). CRR (note 3.3) and Statutory Liquidity Reserve (note 3.4) have been calculated and maintained in accordance with The Financial Regulations 1994 and FID Circular No. 06 dated 6th November, 2003 and FID Circular No. 02 dated 10th November, 2004.

3.3 Cash Reserve Requirement (CRR)

Cash Reserve Requirement and Statutory Liquidity Reserve have been calculated and maintained in accordance with Financial Institutions Act, 1993 & Financial Institutions Regulations, 1994, FID Circular No. 06, dated 06 November 2003, FID Circular No. 02 dated 10 November 2004, DFIM Circular Letter No. 01, dated 12 January 2017 and DFIM Circular Letter No. 03, dated 21 June 2020.

CRR has been calculated at the rate of 1.50% on Total Term Deposits which is preserved in current account maintained with Bangladesh Bank in compliance with FID circular no. 6 dated 6th November, 2003, FID Circular No. 02 dated 10th November, 2004 and DFIM Circular Letter No. 03, dated 21 June 2020. Total Term Deposits means Term or Fixed Deposits, Security Deposit against Lease/Loan and other Term Deposits received from individuals and institutions (except Banks and Financial Institutions).

Required reserve	81,166,730	91,815,303
Actual reserve held	92,821,301	92,694,427
Surplus / (Deficit)	11,654,571	879,123

3.4 Statutory Liquidity Reserve (SLR)

SLR has been calculated at the rate of 5.00% of total demand and time liabilities, including CRR of 1.50% on Total Term Deposits. SLR is maintained in liquid assets in the form of Cash in Hand, balance with Bangladesh Bank, balance with other Banks & Financial Institutions, unencumbered Treasury Bills, Prize Bond, Savings Certificates & any other assets approved by Bangladesh Bank.

	unencumbered Treasury Bills, Prize Bond, Savings Certificates & any other assets approved by t	Bangiadesn Bank.	
	Required reserve	316,645,287	349,790,266
	Actual reserve held (Note-3.4.1)	456,663,683	371,426,074
	Surplus / (Deficit)	140,018,396	21,635,807
3.4.1	Actual Reserve held for SLR		
	Cash in hand	32,074	12,622
	Balance with Bangladesh Bank and its agent bank(s)	92,821,301	92,694,427
	Balance with other banks and financial institutions (Note-3.4.1.1)	363,810,308	278,719,025
		456,663,683	371,426,074
3.4.1.1	Balance with other banks and financial institutions (SLR)		
• • • • • • • • • • • • • • • • • • • •	NRB Commercial Bank Ltd.	41,926,655	45,000,000
	Social Islami Bank Ltd.	55,545,800	75,696,172
	Bangladesh Finance & Investment Company Limited	100,000,000	-
	Union Capital Limited	51,352,853	51,352,853
	South Bangla Agreeculture & Commerce bank Limited	24,985,000	-
	Prime Finance & Investment Limited	90,000,000	-
	Union Bank Ltd.	-	106,670,000
	Total	363,810,308	278,719,025
3.a	Consolidated cash		
	IIDFCL	32,074	12,622
	IIDFC Securities Limited	36,372	27,976
	IIDFC Capital Limited	44,391	11,668
	Sub-Total	112,837	52,266
	Balance with Bangladesh Bank and its agent bank(s) (Note-3)	92,821,301	92,694,427
	Total	92,934,138	92,746,693
4	Balance with other Banks and Financial Institutions		
	Inside Bangladesh		
	Current Accounts:		
	National Credit & Commerce Bank Ltd.	21,141	1,569
	Social Islami Bank Ltd.	128	128
	Sonali Bank PLC.	5,309	-
	Uttara Bank Ltd.	36,848	22
	Midland Bank	155	500
	Trust Bank Ltd.	5,259	5,104
	Total	68,839	7,322

		2022	2021
		<u>BDT</u>	<u>BDT</u>
	posit Accounts		
Southeast Bank Social Islami Ba		3,831,338 4,198,858	2,606,024 16,625,253
Bank Asia Ltd.	TIK Etc.	60,115,272	20,958,675
AB Bank Ltd.		3,057	3,057
The City Bank L		2,383	2,383
Janata Bank Ltd Pubali Bank Ltd		4 856	9,025
ONE Bank Ltd.		9,425	-
Total		68,161,192	40,204,421
Fixed Deposits	Receipts (FDR Placement)		
· ·	mmerce Bank Ltd.	100,000,000	-
BRAC Bank EP NRB Commerci		90,000,000 41,926,655	- 45,000,000
Union Bank Lim		-	106,670,000
Union Capital L		51,352,853	51,352,853
Standard Bank Social Islami Ba		24,985,000 55,545,800	- 75,696,172
Total	IIIK Etg.	363,810,308	278,719,026
Sub Total		432,040,340	318,930,769
	de de	432,040,340	310,330,703
Outside Bangla Grand Total	desn	432,040,340	318,930,769
	ing of Balance with other Banks and Financial Institutions	402,040,040	010,000,100
On demand	nig of Balance with early Baline and Financial medications	163,860,119	121,152,227
Less than 3 mo	nths	122,927,221	90,887,927
	nths but less than 1 year	103,158,167	76,271,407
	ar but less than 5 years	42,094,833	30,619,207
Above 5 years Total		432,040,340	318,930,769
	Balance with other Banks and Financial Institutions	102,000,000	
	Judice Will Other Bulks and I manour institutions	400.040.040	040,000,700
IIDFCL IIDFC Securities	s Limited (Note-4.a.1)	432,040,340 234,158,478	318,930,769 217,652,021
	mited (Note-4.a.2)	10,617,400	9,502,742
Total		676,816,217	546,085,531
4.a.1 IIDFC Securitie	s Limited		
Southeast Bank	Ltd.	974,753	1,330,157
NCC Bank Ltd. IIDFC Ltd		5,032	1,405
One Bank Ltd.		111,684,351	154,536,053
Mercantile Bank	t Ltd.	121,494,342	61,784,406
Total		234,158,478	217,652,021
4.a.2 IIDFC Capital L	imited		
Southeast Bank	Ltd.	1,256,377	2,848,447
ONE Bank Ltd.	mmerce Bank Ltd.	9,361,023	6,654,295
Total	millerde Bank Etd.	10,617,400	9,502,742
5 Money at Call a	and Short Notice		
Banks		-	-
Non-Bank Finar	ncial Institutions	-	-
- Total		-	-
6 Investments			
Government S	ecurities		
Treasury Bill National Investr	nent Bond		-
Bangladesh Bai		-	
Government No		-	-
Prize Bond Others		-	-
Sub Total		-	-

Page- 114))))))))) ANNUAL REPORT-2022

			2022	2021
			<u>BDT</u>	<u>BDT</u>
	Other Investments			
	Preference Shares Debenture and Bond (Note-6.1)		67,596,212	- 70,183,544
	Investments in Shares (Note-6.2)		458,501,989	597,706,237
	Investments IPO (Note-6.3)			7,683,930
	Gold etc.		_	-
	Sub Total		526,098,201	675,573,711
	Total investments		526,098,201	675,573,711
6.1	Debenture and Bond		020,000,201	0.0,0.0,
0.1	Investment in Debenture and Bond includes investment in the Bond of Golde	n Harvest Agro Industri	es Limited	
	Opening Balance	ii i laivest Agio ilidustii	70,183,544	58,000,000
	Add: Addition/ adjustment during the year		3,412,668	12,683,544
	Less: Adjustment during the year		6,000,000	500,000
	Closing Balance		67,596,212	70,183,544
6.2	Investments in Shares		,,,,,,	.,,.
V	Quoted Shares			
	Bank Company		48,351,597	12,418,784
	Non-Banking Company		88,072,216	85,423,602
	Insurance Company		21,421,802	94,109,729
	Mutual Fund		-	, , , , , , , , , , , , , , , , , , ,
	Other Company		250,656,374	355,754,123
	Total		408,501,989	547,706,237
	Un-quoted Shares			
	MTB Unit Fund		-	-
	HFAML Unit Fund		50,000,000	50,000,000
	IDLC Growth Fund		-	-
			50,000,000	50,000,000
	Total Investment in Shares		458,501,989	597,706,237
6.3	Investments IPO			
	Union Insurance, BD Thai Food & Beverage, Union Bank Limited		-	7,683,930
			-	7,683,930
6.4	Cost Price Vs Market Price of Quoted Investments			
0.7	Cost Frice vs market Frice of Quoteu investments		31st December 2022	
0.4	COST FILE VS Market FILE OF QUOTED HIVESTITIENTS	Cost Price (A)	Market Price (B)	Required Provision
0.4			Market Price (B)	(C=A-B)
0.4	Bank Company Non-Banking Company	Cost Price (A) 48,351,597 88,072,216		
0.4	Bank Company	48,351,597	Market Price (B) 32,728,463	(C=A-B) 15,623,134
0.4	Bank Company Non-Banking Company	48,351,597 88,072,216	Market Price (B) 32,728,463 54,635,164	(C=A-B) 15,623,134 33,437,052
0.4	Bank Company Non-Banking Company Insurance Company	48,351,597 88,072,216 21,421,802	Market Price (B) 32,728,463 54,635,164 18,854,523	(C=A-B) 15,623,134 33,437,052 2,567,279
0.4	Bank Company Non-Banking Company Insurance Company Other Company Total All investments in marketable securities are valued on an aggregate port	48,351,597 88,072,216 21,421,802 250,656,374 408,501,989 folio basis, at the lowe	Market Price (B) 32,728,463 54,635,164 18,854,523 165,838,961 272,057,110 r of cost and market value	(C=A-B) 15,623,134 33,437,052 2,567,279 84,817,413 136,444,878 te as at 31st December
0.4	Bank Company Non-Banking Company Insurance Company Other Company Total All investments in marketable securities are valued on an aggregate port 2022. At the end of the reporting year, total cost price of the listed se	48,351,597 88,072,216 21,421,802 250,656,374 408,501,989 folio basis, at the lowe	Market Price (B) 32,728,463 54,635,164 18,854,523 165,838,961 272,057,110 r of cost and market value	(C=A-B) 15,623,134 33,437,052 2,567,279 84,817,413 136,444,878 te as at 31st December
	Bank Company Non-Banking Company Insurance Company Other Company Total All investments in marketable securities are valued on an aggregate port 2022. At the end of the reporting year, total cost price of the listed se 272,057,110 resulting a required provision of BDT.136,444,878	48,351,597 88,072,216 21,421,802 250,656,374 408,501,989 folio basis, at the lowe	Market Price (B) 32,728,463 54,635,164 18,854,523 165,838,961 272,057,110 r of cost and market value	(C=A-B) 15,623,134 33,437,052 2,567,279 84,817,413 136,444,878 te as at 31st December
6.5	Bank Company Non-Banking Company Insurance Company Other Company Total All investments in marketable securities are valued on an aggregate port 2022. At the end of the reporting year, total cost price of the listed se 272,057,110 resulting a required provision of BDT.136,444,878 Maturity grouping of Investments	48,351,597 88,072,216 21,421,802 250,656,374 408,501,989 folio basis, at the lowe	Market Price (B) 32,728,463 54,635,164 18,854,523 165,838,961 272,057,110 r of cost and market value,501,989 where as the incomplete the second seco	(C=A-B) 15,623,134 33,437,052 2,567,279 84,817,413 136,444,878 Le as at 31st December market price was BDT.
	Bank Company Non-Banking Company Insurance Company Other Company Total All investments in marketable securities are valued on an aggregate port 2022. At the end of the reporting year, total cost price of the listed se 272,057,110 resulting a required provision of BDT.136,444,878 Maturity grouping of Investments On demand	48,351,597 88,072,216 21,421,802 250,656,374 408,501,989 folio basis, at the lowe	Market Price (B) 32,728,463 54,635,164 18,854,523 165,838,961 272,057,110 r of cost and market value,501,989 where as the incompared to the second s	(C=A-B) 15,623,134 33,437,052 2,567,279 84,817,413 136,444,878 ue as at 31st December market price was BDT.
	Bank Company Non-Banking Company Insurance Company Other Company Total All investments in marketable securities are valued on an aggregate port 2022. At the end of the reporting year, total cost price of the listed se 272,057,110 resulting a required provision of BDT.136,444,878 Maturity grouping of Investments On demand Less than 3 months	48,351,597 88,072,216 21,421,802 250,656,374 408,501,989 folio basis, at the lowe	Market Price (B) 32,728,463 54,635,164 18,854,523 165,838,961 272,057,110 r of cost and market value,501,989 where as the incompared to the second s	(C=A-B) 15,623,134 33,437,052 2,567,279 84,817,413 136,444,878 are as at 31st December market price was BDT. 238,596,289 154,384,493
	Bank Company Non-Banking Company Insurance Company Other Company Total All investments in marketable securities are valued on an aggregate port 2022. At the end of the reporting year, total cost price of the listed se 272,057,110 resulting a required provision of BDT.136,444,878 Maturity grouping of Investments On demand Less than 3 months More than 3 months but less than 1 year	48,351,597 88,072,216 21,421,802 250,656,374 408,501,989 folio basis, at the lowe	Market Price (B) 32,728,463 54,635,164 18,854,523 165,838,961 272,057,110 r of cost and market value,501,989 where as the result of the second secon	(C=A-B) 15,623,134 33,437,052 2,567,279 84,817,413 136,444,878 are as at 31st December market price was BDT. 238,596,289 154,384,493 178,587,379
	Bank Company Non-Banking Company Insurance Company Other Company Total All investments in marketable securities are valued on an aggregate port 2022. At the end of the reporting year, total cost price of the listed se 272,057,110 resulting a required provision of BDT.136,444,878 Maturity grouping of Investments On demand Less than 3 months More than 3 months but less than 1 year More than 1 year but less than 5 years	48,351,597 88,072,216 21,421,802 250,656,374 408,501,989 folio basis, at the lowe	Market Price (B) 32,728,463 54,635,164 18,854,523 165,838,961 272,057,110 r of cost and market value,501,989 where as the incompared to the second s	(C=A-B) 15,623,134 33,437,052 2,567,279 84,817,413 136,444,878 are as at 31st December market price was BDT. 238,596,289 154,384,493
	Bank Company Non-Banking Company Insurance Company Other Company Total All investments in marketable securities are valued on an aggregate port 2022. At the end of the reporting year, total cost price of the listed se 272,057,110 resulting a required provision of BDT.136,444,878 Maturity grouping of Investments On demand Less than 3 months More than 3 months but less than 1 year	48,351,597 88,072,216 21,421,802 250,656,374 408,501,989 folio basis, at the lowe	Market Price (B) 32,728,463 54,635,164 18,854,523 165,838,961 272,057,110 r of cost and market value,501,989 where as the result of the second secon	(C=A-B) 15,623,134 33,437,052 2,567,279 84,817,413 136,444,878 are as at 31st December market price was BDT. 238,596,289 154,384,493 178,587,379
6.5	Bank Company Non-Banking Company Insurance Company Other Company Total All investments in marketable securities are valued on an aggregate port 2022. At the end of the reporting year, total cost price of the listed se 272,057,110 resulting a required provision of BDT.136,444,878 Maturity grouping of Investments On demand Less than 3 months More than 3 months but less than 1 year More than 1 year but less than 5 years Above 5 years Total	48,351,597 88,072,216 21,421,802 250,656,374 408,501,989 folio basis, at the lowe	Market Price (B) 32,728,463 54,635,164 18,854,523 165,838,961 272,057,110 r of cost and market value,501,989 where as the 1 185,805,156 120,225,821 139,073,645 80,993,579	(C=A-B) 15,623,134 33,437,052 2,567,279 84,817,413 136,444,878 are as at 31st December market price was BDT. 238,596,289 154,384,493 178,587,379 104,005,550
	Bank Company Non-Banking Company Insurance Company Other Company Total All investments in marketable securities are valued on an aggregate port 2022. At the end of the reporting year, total cost price of the listed se 272,057,110 resulting a required provision of BDT.136,444,878 Maturity grouping of Investments On demand Less than 3 months More than 3 months but less than 1 year More than 1 year but less than 5 years Above 5 years Total Consolidated Investments	48,351,597 88,072,216 21,421,802 250,656,374 408,501,989 folio basis, at the lowe	Market Price (B) 32,728,463 54,635,164 18,854,523 165,838,961 272,057,110 or of cost and market value,501,989 where as the in the second sec	(C=A-B) 15,623,134 33,437,052 2,567,279 84,817,413 136,444,878 are as at 31st December market price was BDT. 238,596,289 154,384,493 178,587,379 104,005,550 675,573,711
6.5	Bank Company Non-Banking Company Insurance Company Other Company Total All investments in marketable securities are valued on an aggregate port 2022. At the end of the reporting year, total cost price of the listed se 272,057,110 resulting a required provision of BDT.136,444,878 Maturity grouping of Investments On demand Less than 3 months More than 3 months but less than 1 year More than 1 year but less than 5 years Above 5 years Total Consolidated Investments IIDFCL	48,351,597 88,072,216 21,421,802 250,656,374 408,501,989 folio basis, at the lowe	Market Price (B) 32,728,463 54,635,164 18,854,523 165,838,961 272,057,110 r of cost and market value,501,989 where as the result of the resul	(C=A-B) 15,623,134 33,437,052 2,567,279 84,817,413 136,444,878 are as at 31st December market price was BDT. 238,596,289 154,384,493 178,587,379 104,005,550 - 675,573,711
6.5	Bank Company Non-Banking Company Insurance Company Other Company Total All investments in marketable securities are valued on an aggregate port 2022. At the end of the reporting year, total cost price of the listed se 272,057,110 resulting a required provision of BDT.136,444,878 Maturity grouping of Investments On demand Less than 3 months More than 3 months but less than 1 year More than 1 year but less than 5 years Above 5 years Total Consolidated Investments IIDFCL IIDFC Securities Limited (Note - 6.a.1)	48,351,597 88,072,216 21,421,802 250,656,374 408,501,989 folio basis, at the lowe	Market Price (B) 32,728,463 54,635,164 18,854,523 165,838,961 272,057,110 r of cost and market value,501,989 where as the residue of the res	(C=A-B) 15,623,134 33,437,052 2,567,279 84,817,413 136,444,878 are as at 31st December market price was BDT. 238,596,289 154,384,493 178,587,379 104,005,550 675,573,711 268,164,661
6.5	Bank Company Non-Banking Company Insurance Company Other Company Total All investments in marketable securities are valued on an aggregate port 2022. At the end of the reporting year, total cost price of the listed se 272,057,110 resulting a required provision of BDT.136,444,878 Maturity grouping of Investments On demand Less than 3 months More than 3 months but less than 1 year More than 1 year but less than 5 years Above 5 years Total Consolidated Investments IIDFCL IIDFC Securities Limited (Note - 6.a.1) IIDFC Capital Limited (Note - 6.a.2)	48,351,597 88,072,216 21,421,802 250,656,374 408,501,989 folio basis, at the lowe	Market Price (B) 32,728,463 54,635,164 18,854,523 165,838,961 272,057,110 r of cost and market value,501,989 where as the research of the second of the se	(C=A-B) 15,623,134 33,437,052 2,567,279 84,817,413 136,444,878 are as at 31st December market price was BDT. 238,596,289 154,384,493 178,587,379 104,005,550 675,573,711 268,164,661 115,356,700
6.5 6.a	Bank Company Non-Banking Company Insurance Company Other Company Total All investments in marketable securities are valued on an aggregate port 2022. At the end of the reporting year, total cost price of the listed se 272,057,110 resulting a required provision of BDT.136,444,878 Maturity grouping of Investments On demand Less than 3 months More than 3 months but less than 1 year More than 1 year but less than 5 years Above 5 years Total Consolidated Investments IIDFCL IIDFC Securities Limited (Note - 6.a.1) IIDFC Capital Limited (Note - 6.a.2) Total	48,351,597 88,072,216 21,421,802 250,656,374 408,501,989 folio basis, at the lowe	Market Price (B) 32,728,463 54,635,164 18,854,523 165,838,961 272,057,110 r of cost and market value,501,989 where as the residue of the res	(C=A-B) 15,623,134 33,437,052 2,567,279 84,817,413 136,444,878 are as at 31st December market price was BDT. 238,596,289 154,384,493 178,587,379 104,005,550 675,573,711 268,164,661
6.5	Bank Company Non-Banking Company Insurance Company Other Company Total All investments in marketable securities are valued on an aggregate port 2022. At the end of the reporting year, total cost price of the listed se 272,057,110 resulting a required provision of BDT.136,444,878 Maturity grouping of Investments On demand Less than 3 months More than 3 months but less than 1 year More than 1 year but less than 5 years Above 5 years Total Consolidated Investments IIDFCL IIDFC Securities Limited (Note - 6.a.1) IIDFC Capital Limited (Note - 6.a.2) Total Investment of IIDFC Securities Limited	48,351,597 88,072,216 21,421,802 250,656,374 408,501,989 folio basis, at the lowe	Market Price (B) 32,728,463 54,635,164 18,854,523 165,838,961 272,057,110 r of cost and market value,501,989 where as the research of the second of the se	(C=A-B) 15,623,134 33,437,052 2,567,279 84,817,413 136,444,878 are as at 31st December market price was BDT. 238,596,289 154,384,493 178,587,379 104,005,550 675,573,711 268,164,661 115,356,700
6.5 6.a	Bank Company Non-Banking Company Insurance Company Other Company Total All investments in marketable securities are valued on an aggregate port 2022. At the end of the reporting year, total cost price of the listed se 272,057,110 resulting a required provision of BDT.136,444,878 Maturity grouping of Investments On demand Less than 3 months More than 3 months but less than 1 year More than 1 year but less than 5 years Above 5 years Total Consolidated Investments IIDFCL IIDFC Securities Limited (Note - 6.a.1) IIDFC Capital Limited (Note - 6.a.2) Total Investment of IIDFC Securities Limited Quoted Shares	48,351,597 88,072,216 21,421,802 250,656,374 408,501,989 folio basis, at the lowe	Market Price (B) 32,728,463 54,635,164 18,854,523 165,838,961 272,057,110 or of cost and market value,501,989 where as the incomparison of the second of t	(C=A-B) 15,623,134 33,437,052 2,567,279 84,817,413 136,444,878 Ide as at 31st December market price was BDT. 238,596,289 154,384,493 178,587,379 104,005,550 675,573,711 268,164,661 115,356,700 1,059,095,072
6.5 6.a	Bank Company Non-Banking Company Insurance Company Other Company Total All investments in marketable securities are valued on an aggregate port 2022. At the end of the reporting year, total cost price of the listed se 272,057,110 resulting a required provision of BDT.136,444,878 Maturity grouping of Investments On demand Less than 3 months More than 3 months but less than 1 year More than 1 year but less than 5 years Above 5 years Total Consolidated Investments IIDFCL IIDFC Securities Limited (Note - 6.a.1) IIDFC Capital Limited (Note - 6.a.2) Total Investment of IIDFC Securities Limited Quoted Shares Bank Company	48,351,597 88,072,216 21,421,802 250,656,374 408,501,989 folio basis, at the lowe	Market Price (B) 32,728,463 54,635,164 18,854,523 165,838,961 272,057,110 or of cost and market value,501,989 where as the left of the second secon	(C=A-B) 15,623,134 33,437,052 2,567,279 84,817,413 136,444,878 Ide as at 31st December market price was BDT. 238,596,289 154,384,493 178,587,379 104,005,550 675,573,711 268,164,661 115,356,700 1,059,095,072
6.5 6.a	Bank Company Non-Banking Company Insurance Company Other Company Total All investments in marketable securities are valued on an aggregate port 2022. At the end of the reporting year, total cost price of the listed se 272,057,110 resulting a required provision of BDT.136,444,878 Maturity grouping of Investments On demand Less than 3 months More than 3 months but less than 1 year More than 1 year but less than 5 years Above 5 years Total Consolidated Investments IIDFCL IIDFC Securities Limited (Note - 6.a.1) IIDFC Capital Limited (Note - 6.a.2) Total Investment of IIDFC Securities Limited Quoted Shares Bank Company Non-Banking Company	48,351,597 88,072,216 21,421,802 250,656,374 408,501,989 folio basis, at the lowe	Market Price (B) 32,728,463 54,635,164 18,854,523 165,838,961 272,057,110 or of cost and market value,501,989 where as the result of the second sec	(C=A-B) 15,623,134 33,437,052 2,567,279 84,817,413 136,444,878 are as at 31st December market price was BDT. 238,596,289 154,384,493 178,587,379 104,005,550 675,573,711 268,164,661 115,356,700 1,059,095,072
6.5 6.a	Bank Company Non-Banking Company Insurance Company Other Company Total All investments in marketable securities are valued on an aggregate port 2022. At the end of the reporting year, total cost price of the listed se 272,057,110 resulting a required provision of BDT.136,444,878 Maturity grouping of Investments On demand Less than 3 months More than 3 months but less than 1 year More than 1 year but less than 5 years Above 5 years Total Consolidated Investments IIDFCL IIDFC Securities Limited (Note - 6.a.1) IIDFC Capital Limited (Note - 6.a.2) Total Investment of IIDFC Securities Limited Quoted Shares Bank Company Non-Banking Company Insurance Company	48,351,597 88,072,216 21,421,802 250,656,374 408,501,989 folio basis, at the lowe	Market Price (B) 32,728,463 54,635,164 18,854,523 165,838,961 272,057,110 r of cost and market value,501,989 where as the research of the re	(C=A-B) 15,623,134 33,437,052 2,567,279 84,817,413 136,444,878 are as at 31st December market price was BDT. 238,596,289 154,384,493 178,587,379 104,005,550 675,573,711 268,164,661 115,356,700 1,059,095,072 57,062,186 17,685,202 22,795,963
6.5 6.a	Bank Company Non-Banking Company Insurance Company Other Company Total All investments in marketable securities are valued on an aggregate port 2022. At the end of the reporting year, total cost price of the listed se 272,057,110 resulting a required provision of BDT.136,444,878 Maturity grouping of Investments On demand Less than 3 months More than 3 months but less than 1 year More than 1 year but less than 5 years Above 5 years Total Consolidated Investments IIDFCL IIDFC Securities Limited (Note - 6.a.1) IIDFC Capital Limited (Note - 6.a.2) Total Investment of IIDFC Securities Limited Quoted Shares Bank Company Non-Banking Company Insurance Company Mutual Fund	48,351,597 88,072,216 21,421,802 250,656,374 408,501,989 folio basis, at the lowe	Market Price (B) 32,728,463 54,635,164 18,854,523 165,838,961 272,057,110 r of cost and market value,501,989 where as the research of the re	(C=A-B) 15,623,134 33,437,052 2,567,279 84,817,413 136,444,878 The as at 31st December was BDT. 238,596,289 154,384,493 178,587,379 104,005,550 675,573,711 268,164,661 115,356,700 1,059,095,072 57,062,186 17,685,202 22,795,963 13,250,000
6.5 6.a	Bank Company Non-Banking Company Insurance Company Other Company Total All investments in marketable securities are valued on an aggregate port 2022. At the end of the reporting year, total cost price of the listed se 272,057,110 resulting a required provision of BDT.136,444,878 Maturity grouping of Investments On demand Less than 3 months More than 3 months but less than 1 year More than 1 year but less than 5 years Above 5 years Total Consolidated Investments IIDFCL IIDFC Securities Limited (Note - 6.a.1) IIDFC Capital Limited (Note - 6.a.2) Total Investment of IIDFC Securities Limited Quoted Shares Bank Company Non-Banking Company Insurance Company	48,351,597 88,072,216 21,421,802 250,656,374 408,501,989 folio basis, at the lowe	Market Price (B) 32,728,463 54,635,164 18,854,523 165,838,961 272,057,110 r of cost and market value,501,989 where as the research of the re	(C=A-B) 15,623,134 33,437,052 2,567,279 84,817,413 136,444,878 The as at 31st December market price was BDT. 238,596,289 154,384,493 178,587,379 104,005,550
6.5 6.a	Bank Company Non-Banking Company Insurance Company Other Company Total All investments in marketable securities are valued on an aggregate port 2022. At the end of the reporting year, total cost price of the listed se 272,057,110 resulting a required provision of BDT.136,444,878 Maturity grouping of Investments On demand Less than 3 months More than 3 months but less than 1 year More than 1 year but less than 5 years Above 5 years Total Consolidated Investments IIDFCL IIDFC Securities Limited (Note - 6.a.1) IIDFC Capital Limited (Note - 6.a.2) Total Investment of IIDFC Securities Limited Quoted Shares Bank Company Non-Banking Company Insurance Company Mutual Fund Other Company Total	48,351,597 88,072,216 21,421,802 250,656,374 408,501,989 folio basis, at the lowe	Market Price (B) 32,728,463 54,635,164 18,854,523 165,838,961 272,057,110 r of cost and market value,501,989 where as the research of the res	(C=A-B) 15,623,134 33,437,052 2,567,279 84,817,413 136,444,878 The as at 31st December was BDT. 238,596,289 154,384,493 178,587,379 104,005,550 675,573,711 268,164,661 115,356,700 1,059,095,072 57,062,186 17,685,202 22,795,963 13,250,000
6.5 6.a	Bank Company Non-Banking Company Insurance Company Other Company Total All investments in marketable securities are valued on an aggregate port 2022. At the end of the reporting year, total cost price of the listed se 272,057,110 resulting a required provision of BDT.136,444,878 Maturity grouping of Investments On demand Less than 3 months More than 3 months but less than 1 year More than 1 year but less than 5 years Above 5 years Total Consolidated Investments IIDFCL IIDFC Securities Limited (Note - 6.a.1) IIDFC Capital Limited (Note - 6.a.2) Total Investment of IIDFC Securities Limited Quoted Shares Bank Company Non-Banking Company Insurance Company Mutual Fund Other Company Total Un-quoted Shares	48,351,597 88,072,216 21,421,802 250,656,374 408,501,989 folio basis, at the lowe	Market Price (B) 32,728,463 54,635,164 18,854,523 165,838,961 272,057,110 r of cost and market value,501,989 where as the research of the res	(C=A-B) 15,623,134 33,437,052 2,567,279 84,817,413 136,444,878 The as at 31st December market price was BDT. 238,596,289 154,384,493 178,587,379 104,005,550
6.5 6.a	Bank Company Non-Banking Company Insurance Company Other Company Total All investments in marketable securities are valued on an aggregate port 2022. At the end of the reporting year, total cost price of the listed se 272,057,110 resulting a required provision of BDT.136,444,878 Maturity grouping of Investments On demand Less than 3 months More than 3 months but less than 1 year More than 1 year but less than 5 years Above 5 years Total Consolidated Investments IIDFCL IIDFC Securities Limited (Note - 6.a.1) IIDFC Capital Limited (Note - 6.a.2) Total Investment of IIDFC Securities Limited Quoted Shares Bank Company Non-Banking Company Insurance Company Mutual Fund Other Company Total	48,351,597 88,072,216 21,421,802 250,656,374 408,501,989 folio basis, at the lowe	Market Price (B) 32,728,463 54,635,164 18,854,523 165,838,961 272,057,110 r of cost and market value,501,989 where as the research of the res	(C=A-B) 15,623,134 33,437,052 2,567,279 84,817,413 136,444,878 The as at 31st December market price was BDT. 238,596,289 154,384,493 178,587,379 104,005,550
6.5 6.a	Bank Company Non-Banking Company Insurance Company Other Company Total All investments in marketable securities are valued on an aggregate port 2022. At the end of the reporting year, total cost price of the listed se 272,057,110 resulting a required provision of BDT.136,444,878 Maturity grouping of Investments On demand Less than 3 months More than 3 months but less than 1 year More than 1 year but less than 5 years Above 5 years Total Consolidated Investments IIDFCL IIDFC Securities Limited (Note - 6.a.1) IIDFC Capital Limited (Note - 6.a.2) Total Investment of IIDFC Securities Limited Quoted Shares Bank Company Non-Banking Company Insurance Company Mutual Fund Other Company Total Un-quoted Shares ICB AMCL2NDNRB Unit Fund	48,351,597 88,072,216 21,421,802 250,656,374 408,501,989 folio basis, at the lowe	Market Price (B) 32,728,463 54,635,164 18,854,523 165,838,961 272,057,110 r of cost and market value,501,989 where as the research of the re	(C=A-B) 15,623,134 33,437,052 2,567,279 84,817,413 136,444,878 le as at 31st December market price was BDT. 238,596,289 154,384,493 178,587,379 104,005,550 - 675,573,711 268,164,661 115,356,700 1,059,095,072 57,062,186 17,685,202 22,795,963 13,250,000 127,512,790 238,306,141

		2022 BDT	2021 BDT
6.a.1.1 Cost Price Vs Market Price of Quoted Investments		31st December 2022	
U.a. 1.1 Gost Frice vs market Frice of Quoted investments	Cost Price (A)	Market Price (B)	Required Provision
			(C=A-B)
Bank Company Non-Banking Company	58,081,595	45,054,903	13,026,692
Insurance Company	17,685,202 7,595,498	11,312,818 6,207,224	6,372,384 1,388,274
Mutual Fund	13,250,000	11,000,000	2,250,000
Other Company	186,241,859	144,095,224	42,146,635
Total	282,854,153	217,670,168	65,183,984
6.a.2 Investment of IIDFC Capital Limited	HANNEY CO.		
Quoted Shares			
Bank Company		4,012,662	5,085,738
Non-Banking Company		1,012,002	611,132
Insurance Company		72,071,851	50,918,388
Mutual Fund		19,727,311	19,727,311
Other Company		45,750,324	39,014,131
Total		141,562,148	115,356,700
Un-quoted Shares			
Total Investment in Observe		444 500 440	445.050.700
Total Investment in Shares		141,562,148	115,356,700
6.a.2.1 Cost Price Vs Market Price of Quoted Investments		31st December 2022	Required Provision
	Cost Price (A)	Market Price (B)	(C=A-B)
Bank Company	4,012,662	2,415,000	1,597,662
Non-Banking Company	-	-	-
Insurance Company	72,071,851	42,993,584	29,078,267
Mutual Fund	19,727,311	12,600,000	7,127,311
Other Company	45,750,324	30,287,450	15,462,874
Total	141,562,148	88,296,034	53,266,114
7 Loans & Advances			
Inside Bangladesh:			
Lease Receivables	13.86%	1,633,159,672	1,815,950,887
Advance for Lease Finance	0.38%	44,339,980	44,339,980
Total Lease Finance	14.23%	1,677,499,652	1,860,290,867
Direct/ Term Finance	84.36%	9,941,731,582	11,901,504,367
Secured Overdraft	0.50%	58,968,131	48,128,571
Bills Discounted and Purchased (Note-7.8)	0.90%	106,241,692	116,170,351
Total Other Finance	85.77% 100.00%	10,106,941,405	12,065,803,290
Sub Total (Note-7.1)	100.00%	11,784,441,057	13,926,094,156
Outside Bangladesh:			
Gross Lease Receivables Less: Unearned Lease Income	-	-	-
Net Investment	-	-	-
Advance for Lease Finance			
Direct/ Term Finance		_	
Secured Overdraft	_	_	
Factoring Finance	-	-	-
Margin Loan	- 0	-	-
Sub Total	-	-	-
Total	100.00%	11,784,441,057	13,926,094,156
7.1 Details of Loans & Advances			
Lease Finance			
Corporate Clients	6.99%	823,645,006	875,010,681
Small & Medium Enterprises (SME)	7.25%	853,854,646	985,280,185
Sub Total	14.23%	1,677,499,652	1,860,290,867
Direct / term finance			
Syndication Finance	22.99%	2,708,852,974	2,778,220,883
Corporate clients	32.49%	3,829,121,342	4,904,759,126
Small & Medium Enterprises (SME)	25.99%	3,062,599,070	3,782,689,875
Home Loan Bills Discounted and Purchased	2.68% 0.90%	315,328,449 106,241,692	411,314,374 116,170,351
Secured Overdraft	0.50%	58,968,131	48,128,571
Employee Loan	0.22%	25,829,747	24,520,109
Sub Total	85.77%	10,106,941,405	12,065,803,290
Grand Total	100%	11,784,441,057	13,926,094,156

				0000	0004
				2022 BDT	2021 BDT
7.2	Maturity grouping of loans & advances			<u>551</u>	<u>551</u>
	On demand			1,104,712,031	1,274,582,533
	Less than 3 months			3,005,531,884	3,515,397,055
	More than 3 months but less than 1 year			4,191,465,113	4,984,098,826
	More than 1 year but less than 5 years Above 5 years			2,520,392,781 962,339,248	3,014,785,141 1,137,230,601
	Total			11,784,441,057	13,926,094,156
7.3	Sector/ Industry-wise Loans & Advances			, , ,	10,020,001,100
7.3	Agricultural sector	ı	4.57%	539,064,450	587,496,374
	Industrial sector:			333,331,133	331,133,31
	Textiles		9.32%	1,097,767,275	1,206,853,877
	Garments		14.79%	1,742,741,471	1,947,246,675
	Jutes & jute related goods		2.02%	238,006,947	578,073,461
	Food items producer/processing industry		2.54%	299,322,414	441,729,085
	Plastic industries Leather and leather goods		4.14% 0.31%	488,065,846 36,018,471	636,406,665 57,795,890
	Iron, steel and engineering		5.17%	609,190,323	741,404,966
	Chemicals and pharmaceuticals		2.08%	244,819,691	374,780,620
	Cement/ clinker and allied industries		2.06%	242,584,343	327,830,265
	Service sector (Hotel, hospital, clinic, tourism, etc.)		4.39%	517,317,545	1,349,190,068
	Paper, printing and packaging		1.84%	217,083,723	250,601,115
	Telecommunication and IT industries Glass and ceramic industries		8.99% 1.27%	1,059,896,517	1,145,461,167
	Shipping and ship building industries		0.00%	150,212,328	133,600,022
	Electronics and electrical goods		4.74%	558,064,669	686,848,608
	Power, gas, water and sanitary		2.43%	286,390,052	310,491,289
	Transport and communication		4.01%	473,004,200	529,710,217
	Real estate and housing		4.81%	567,405,417	682,759,389
	Merchant banking		2.13%	250,885,157	486,806,244
	Others		18.39%	2,166,600,219	1,451,008,159
	Total		100.00%	11,784,441,057	13,926,094,156
7.4	Geographical Location-wise Loans & Advances				
	Inside Bangladesh	1	00.400/	0.740.007.000	44 570 045 700
	Dhaka Division Chattogram Division		82.48% 16.26%	9,719,337,223 1,915,932,994	11,572,315,732 2,165,029,857
	Barisal Division		0.01%	1,108,172	1,223,486
	Rajshahi Division		0.19%	22,889,512	35,359,350
	Rangpur Division		0.00%	-	-
	Sylhet Division		0.00%	-	-
	Mymensingh Division		0.26%	30,381,457	45,287,032
	Khulna Division Sub Total		0.80%	94,791,699	106,878,699
	Sub lotal		100.00%	11,784,441,057	13,926,094,156
	Outside Bangladesh		-	_	
	•				
	Total		100.00%	11,784,441,057	13,926,094,156
7.5	Classification of Loans & advances as per Bangladesh B	ank circular			
	Unclassified	2022	2021	2022	2021
	Standard	41.64%	60.18%	4,906,464,703	8,380,876,014
	Special Mention Account (SMA)	12.00%	4.31%	1,413,602,333	600,496,514
	Sub Total	53.63%	64.49%	6,320,067,036	8,981,372,528
	Classified				
	Sub-standard (SS)	3.13%	2.67%	369,045,692	371,302,840
	Doubtful (DF)	2.11%	7.50%	248,739,085	1,044,279,348
	Bad/ Loss (BL) Sub Total	41.13% 46.37%	25.34% 35.51%	4,846,589,244 5,464,374,021	3,529,139,440 4,944,721,628
	Sub lotal	40.37%	33.31%	5,464,374,021	4,544,721,626
	Total	100%	100%	11,784,441,057	13,926,094,156
7.6	Details of Large Loans & Advances				
7.0	As per DFIM circular No10, dated 5 September, 2011, out Loans & Advances. Total capital of the company was BDT December, 2021.			r, 2022 whereas BDT 2,9	
	Number of Clients Outstanding Amount			6 2,489,921,087	2,909,115,262
	Classified Amount			737,883,164	517,927,692
	Measures taken for recovery			-	-

		2022	2021
		<u>BDT</u>	<u>BDT</u>
7.7	Particulars of Loans & Advances		
	1 Loops 9 advances considered good in respect of which the company is fully accurred	E 04E E04 006	E 444 0EC CEC
	Loans & advances considered good in respect of which the company is fully secured	5,015,501,026	5,414,056,656
	$2. \ Loans \& \ advances \ considered \ good \ against \ which \ the \ company \ holds \ no \ security \ others \ than \ the \ debtor's \ personal \ guarantee$	4,039,019,509	5,053,192,715
	3. Loans & advances considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors	2,459,634,464	3,054,797,976
	4. Loans & advances adversely classified for which provision has not been maintained	-	-
	5. Loans & advances due by the directors or officers of the company or any of them either separately or jointly with any other persons	-	-
	6. Loans & advances due from companies or firms in which the directors of the company have interest as directors, partners or managing agent or in case of private companies as members	244,456,310	379,526,700
	7. Maximum total amount of loan & advances including temporary loans & advances made at any time during the year to directors of managers or officers of the company or any of them either separately or jointly with any other person	25,829,747	24,520,109
	8. Maximum total amount of loans & advances including temporary loans & advances granted during the year to the companies of firms in which the directors of the company have interest as directors, partners of managing agents or in the case of private companies, as members	-	-
	9. Due from banking companies	-	-
	10. Amount of classified loans & advances on which interest has not been charged as follows:		
	a. (Decrease)/ increase in provision b. Amount of loans & advances written off	1,089,298,384	506,018,138
	c. Amount of collection against written of loans & advances	18,101,160	
	d. Interest credited to interest suspense account	325,364,392	243,618,375
	11. Loans & advances written off:		
	a. Current year	(65,060,690)	13,930,004
	b. Cumulative to date	547,938,289	612,998,979
	c. Amount of written off loans for which law suits have been filed	547,938,289	612,998,979
7.8	Bills Discounted and Purchased		
	Inside Bangladesh	106,241,692	116,170,351
	Outside Bangladesh	400 044 000	-
	Total	106,241,692	116,170,351
7.9	Maturity grouping of Bills Discounted and Purchased	-	-
	Within 1 month	2,358,566	1,419,500
	Over 1 month but within 3 months	25,519,254	39,522,334
	Over 3 months but within 6 months	30,555,111	27,602,965
	Over 6 months	47,808,761	47,625,552
	Total	106,241,692	116,170,351
7.a	Consolidated Loans & Advances		
	UDEOL	44 704 444 057	40,000,004,450
	IIDFCL	11,784,441,057	13,926,094,156
	IIDFC Securities Limited (Note-7.a.1)	1,497,438,699	1,727,851,763
	IIDFC Capital Limited (Note-7.a.2)	625,908,701	622,779,125
	Lacar later Community and a Advance	13,907,788,457	16,276,725,044
	Less: Inter Company Loans & Advances	244 244 540	270 526 720
	IIDFC Securities Limited IIDFC Capital Limited	244,244,510	379,526,729
	not o capital Littited	244,244,510	379,526,729
	Total	13,663,543,947	15,897,198,315
7.a.1	Loans & Advance of IIDFC Securities Limited		
	Margin Loan	1,497,438,699	1,727,851,763
7.a.2	Loans & Advance of IIDFC Capital Limited		
	Margin loan	625,908,701	622,779,125

		2022	2021
8	Fixed assets including premises, furniture & fixtures etc.	<u>BDT</u>	<u>BDT</u>
0	Own Finance		
	A. Cost		
	Motor Vehicles	8,812,000	16,663,410
	Furniture & Fixtures	32,941,283	34,318,048
	Office Equipments	51,760,446	50,778,437
	Right-of-use asset	68,497,432	60,618,988
	Total	162,011,161	162,378,883
		,,	102,010,000
	B. Less: Accumulated Depreciation		
	Motor Vehicles	8,812,000	14,703,597
	Furniture & Fixtures	20,956,953	20,080,910
	Office Equipments	40,164,826	42,088,099
	Right-of-use asset	54,259,797	35,789,010
	Total	124,193,576	112,661,616
		124,100,010	112,001,010
	C. Written Down Value at the end of the year (A-B)	37,817,585	49,717,267
	Lease Finance		
	D. Cost		
	Furniture & Fixtures	-	
	Office Equipments		
	Motor Vehicles	_	
	Total		
	Total	-	
	E. Less: Accumulated Depreciation		
	Furniture & Fixtures	_	_
	Office Equipments	_	
	Motor Vehicles	_	
	Total		
	Total		
	F. Written Down value at the end of the year (D-E)	-	-
	C. Total of promises from those 9 findames at (CLE)	27.047.505	40 747 267
	G. Total of premises, furniture & fixtures etc. (C+F)	37,817,585	49,717,267
0.4	Interville and a second and the second (Dataile in Assessment 4)		
8.1	Intangible asset - computer software (Details in Annexure-1) Cost	11,040,818	13,131,471
	Add: Addition during the year	1,540,000	566,989
	Less: Adjustment during the year	1,340,000	2,657,642
	Less: Accumulated amortization	10,238,955	8,983,501
	H. Net book value at the end of the year	2,341,863	2,057,317
	The Book value at the one of the year	2,041,000	2,007,017
	I. Grand total of Fixed assets including premises, furniture & fixtures etc.(G+H)	40,159,448	51,774,584
	Details of Property, Plant & Equipments has been presented in Annexure-I		
8.a	Consolidated fixed assets including premises, furniture & fixtures etc.		
u.a	(Details in Annexure-1.a)		
	IIDFCL	40,159,448	51,774,584
	IIDFC Securities Limited (Note-8.a.1)	9,751,002	3,965,930
	IIDFC Capital Limited (Note-8.a.2)	300,739	288,453
	Total	50,211,189	56,028,967
8.a.1	Fixed assets including premises, furniture & fixtures etc. of IIDFC Securities Limited		
	A. Cost		
	Motor Vehicles	358,141	358,141
	Furniture & Fixtures	16,352,458	12,743,986
	Office Equipments	19,358,867	16,289,864
	Total	36,069,466	29,391,991
	B. Less: Accumulated depreciation		
	Motor Vehicles	358,141	358,141
	Furniture & Fixtures	11,854,133	11,670,930
	Office Equipments	14,106,190	13,396,990
	Total	26,318,464	25,426,061
	C. Written down value at the end of the year (A-B)	9,751,002	3,965,930

IIDFC LIMITED | ANNUAL REPORT-2022 Page- 119 **-**((((((

		2022	2021
		<u>BDT</u>	<u>BDT</u>
8.a.2	Fixed assets including premises, furniture & fixtures etc. of IIDFC Capital Limited		
	A. Cost		
	Motor vehicles	1,250,000	1,250,000
	Furniture & fixtures	819,914	819,914
	Office equipments	3,954,528	3,889,912
	Total	6,024,442	5,959,826
	B. Less: Accumulated depreciation		
	Motor vehicles	1,249,994	1,249,994
	Furniture & fixtures	819,896	819,896
	Office equipments	3,653,823	3,601,493
	Total	5,723,713	5,671,383
	C. Written down value at the end of the year (A-B)	300,729	288,443
8.1.a	Consolidated intangible asset (Details in Annexure-1.a)		
	IIDFCL	2,341,863	2,057,317
	IIDFC Securities Limited	-	-
	IIDFC Capital Limited	10	10
		2,341,873	2,057,327
9	Other assets	-	_
	Investment in shares of subsidiary companies:		
	In Bangladesh	1,534,862,970	1,534,862,970
	Outside Bangladesh	-	-
	Advance rent and advertisement	-	-
	Interest accrued on investment, commissions and other receivables & branch adjustment	107,403,608	39,441,479
	Security deposits	67,463	935,241
	Preliminary expenses, renovation, development and prepaid expenses	1,672,726	2,252,415
	Balance with BO account	853,144	11,029,742
	Others (Note 9.1)	1,430,462,188	1,681,512,225
	Total	3,075,322,099	3,270,034,072
9.1	Others		
	Interest receivable	321,427,016	515,733,387
	Deferred receivable	1,205,858	3,855,172
	Advance for travelling	-	-
	Deferred Tax (Note 9.1.1)	4,348,016	6,458,985
	Advance for suppliers	6,466,444	6,330,000
	Advance tax	691,867,414	683,559,627
	Commission on bank guarantee	118,405	215,425
	Others receivable	405,029,035	465,359,628
	Total	1,430,462,188	1,681,512,225

9.1.1 Deferred tax

Deferred tax has been calculated based on deductible/taxable temporary difference arising due to difference in the carrying amount of the assets and its tax base in accordance with the provision of International Accounting Standard (IAS) 12: "Income Taxes".

9.a Consolidated other assets

	IIDFCL	3,075,322,099	3,270,034,072
	IIDFC Securities Limited (Note-9.a.1)	328,027,069	349,869,480
	IIDFC Capital Limited (Note-9.a.2)	88,134,424	88,813,424
		3,491,483,592	3,708,716,976
	Less: Inter-company investment		
	IIDFC Securities Limited	999,874,970	999,874,970
	IIDFC Capital Limited	599,988,000	599,988,000
		1,599,862,970	1,599,862,970
	Total	1,891,620,622	2,108,854,006
9.a.1	Other assets of IIDFC Securities Limited		
	Cost of TREC holding	85,978,830	85,978,830
	Advance rent	1,739,529	969,240
	Stamp in hand	-	-
	Security deposits	468,456	363,956
	Advance tax	218,528,469	193,309,957
	Others	21,311,785	69,247,497
	Total	328,027,069	349,869,480

		2022	2021
		<u>BDT</u>	<u>BDT</u>
9.a.2	Other assets of IIDFC Capital Limited		OF PARTY
	License fee	30,196,209	30,196,209
	Receivable from brokerage houses	7,985	146,847
	Security deposits	200,000	200,000
	Advance tax	51,112,061	50,139,755
	Deferred tax assets	61,682	73,838
	Others	6,556,487	8,056,775
	Total	88,134,424	88,813,424
10	Non-banking assets	12,287,820	12,287,820

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

Borrowings from other banks, financial Institutions & agents

	Inside Bangladesh:		
	Refinance against SME and other loans from Bangladesh Bank	1,351,417,637	1,476,402,259
	From other scheduled Banks (Note - 11.1)	4,462,688,464	3,673,679,023
	Sub Total	5,814,106,101	5,150,081,282
	Outside Bangladesh	-	-
	Total	5,814,106,101	5,150,081,282
11.1	From other scheduled banks & financial institutions		
	Long term loan		
	Social Islami Bank Ltd.	66,339,933	126,652,697
	Shahjalal Islami Bank Limited	481,471,379	-
	Pubali Bank Ltd.	928,556,317	902,318,085
	Uttara Bank Limited	417,242,754	657,361,012
	National Credit and Commerce Bank Ltd.	74,798,262	115,916,965
	Trust Bank Ltd.	486,049,297	538,336,934
	Midland Bank Ltd.	137,292,478	156,653,739
	Sub-Total	2,591,750,420	2,497,239,432
	Short term loan, overdraft and money at call & short notice		
	Sonali Bank Limited	82,600,000	110,000,000
	Mutual Trust Bank Limited	509,961,771	469,661,978
	South Bangla Agriculture & Commerce Bank Ltd.	43,300,000	78,000,000
	Lankan Alliance Finance Limited	-	100,000,000
	Pubali Bank Limited	201,576,273	398,777,613
	The City Bank Limited	817,500,000	-
	National Credit and Commerce Bank Ltd.	216,000,000	20,000,000
	Sub-Total	1,870,938,044	1,176,439,591
	Grand Total	4,462,688,464	3,673,679,023
	Security against borrowings from other banks, financial institutions and agents		
	Secured	3,771,150,420	2,805,239,432
	Unsecured	691,538,044	868,439,591
	Total	4,462,688,464	3,673,679,023

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

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

Payable on demand	1,470,902,118
Up to 1 month	1,029,988,497
Over 1 month but within 6 months	767,582,416
Over 6 months but within 1 year	496,697,226
Over 1 year but within 5 years	228,489,649
Over 5 years	469,028,558
Total	4,462,688,464

1,137,549,698 774,441,707

558,381,560

372,254,373

188,018,886

643,032,800

3,673,679,023

		2022	2021
		<u>BDT</u>	<u>BDT</u>
11.a	Consolidated borrowings from other banks, financial Institutions & agents		
	Inside Bangladesh IIDFCL	5,814,106,101	5,150,081,282
	IIDFC Securities Limited (Note-11.a.1)	401,105,712	561,896,821
	IIDFC Capital Limited (Note-11.a.2)	44,441,092	19,027,006
	Landa Caraca Car	6,259,652,905	5,731,005,109
	Less: Inter company borrowings IIDFC Securities Limited	244 244 540	270 506 700
	IIDFC Securities Limited	244,244,510	379,526,729
	indi o dapidi Elitikoa	244,244,510	379,526,729
	Total	6,015,408,395	5,351,478,380
11.a.1	Borrowings of IIDFC Securities Limited		
	Inside Bangladesh		
	IIDFC Ltd.	244,244,510	379,526,729
	Investment Corporation of Bangladesh	80,467,053	38,054,016
	ONE Bank Limited	51,222,592	46,497,294
	Mercantile Bank	25,171,557	97,818,782
	Total	401,105,712	561,896,821
11.a.2	Borrowings of IIDFC Capital Limited		
	IIDFC Ltd. Investment Corporation of Bangladesh (ICB)	- 44,441,092	- 19,027,006
	Standard Bank Ltd.	44,441,092	19,027,000
	Total	44,441,092	19,027,006
12	Deposits & other accounts		
	Deposits from banks and financial institutions (Note-12.1)	1,350,000,000	3,230,000,000
	Deposits from customers	5,120,220,111	5,832,128,157
	Sub-Total	6,470,220,111	9,062,128,157
	Other deposit	2,196,515	2,511,968
	Grand Total	6,472,416,626	9,064,640,125
		0,412,410,020	3,004,040,120
	IIDFC maintains the highest level of commitment to depositors in terms of repayment, customer services		
12.1			
12.1	IIDFC maintains the highest level of commitment to depositors in terms of repayment, customer services Deposits from banks and financial institutions Agrani Bank Limited	and best returns from the	
12.1	IIDFC maintains the highest level of commitment to depositors in terms of repayment, customer services Deposits from banks and financial institutions Agrani Bank Limited Prime Finance & Investment Limited	and best returns from the	200,000,000
12.1	IIDFC maintains the highest level of commitment to depositors in terms of repayment, customer services Deposits from banks and financial institutions Agrani Bank Limited Prime Finance & Investment Limited BRAC Bank Limited	and best returns from the	200,000,000 - 140,000,000
12.1	IIDFC maintains the highest level of commitment to depositors in terms of repayment, customer services Deposits from banks and financial institutions Agrani Bank Limited Prime Finance & Investment Limited	and best returns from the	200,000,000
12.1	IIDFC maintains the highest level of commitment to depositors in terms of repayment, customer services Deposits from banks and financial institutions Agrani Bank Limited Prime Finance & Investment Limited BRAC Bank Limited The City Bank Ltd.	200,000,000 90,000,000	200,000,000 - 140,000,000 830,000,000
12.1	IIDFC maintains the highest level of commitment to depositors in terms of repayment, customer services Deposits from banks and financial institutions Agrani Bank Limited Prime Finance & Investment Limited BRAC Bank Limited The City Bank Ltd. Sonali Bank Limited	200,000,000 90,000,000 - - 200,000,000	200,000,000 - 140,000,000 830,000,000 200,000,000
12.1	IIDFC maintains the highest level of commitment to depositors in terms of repayment, customer services Deposits from banks and financial institutions Agrani Bank Limited Prime Finance & Investment Limited BRAC Bank Limited The City Bank Ltd. Sonali Bank Limited Janata Bank Limited Shahjalal Islami Bank Limited Shahjalal Islami Bank Limited Shimanto Bank Limited	200,000,000 90,000,000 - - 200,000,000 200,000,000	200,000,000 - 140,000,000 830,000,000 200,000,000 200,000,000 650,000,000 600,000,000
12.1	IIDFC maintains the highest level of commitment to depositors in terms of repayment, customer services Deposits from banks and financial institutions Agrani Bank Limited Prime Finance & Investment Limited BRAC Bank Limited The City Bank Ltd. Sonali Bank Limited Janata Bank Limited Shahjalal Islami Bank Limited Shahjalal Islami Bank Limited Shimanto Bank Limited National Credit & Commerce Bank Limited	200,000,000 90,000,000 200,000,000 200,000,000 135,000,000 375,000,000	200,000,000 - 140,000,000 830,000,000 200,000,000 200,000,000 650,000,000 600,000,000 260,000,000
12.1	IIDFC maintains the highest level of commitment to depositors in terms of repayment, customer services. Deposits from banks and financial institutions Agrani Bank Limited Prime Finance & Investment Limited BRAC Bank Limited The City Bank Ltd. Sonali Bank Limited Janata Bank Limited Shahjalal Islami Bank Limited Shahjalal Islami Bank Limited National Credit & Commerce Bank Limited NRB Commercial Bank Limited	200,000,000 90,000,000 - - 200,000,000 200,000,000 135,000,000 375,000,000	200,000,000 - 140,000,000 830,000,000 200,000,000 200,000,000 650,000,000 600,000,000
12.1	IIDFC maintains the highest level of commitment to depositors in terms of repayment, customer services Deposits from banks and financial institutions Agrani Bank Limited Prime Finance & Investment Limited BRAC Bank Limited The City Bank Ltd. Sonali Bank Limited Janata Bank Limited Shahjalal Islami Bank Limited Shahjalal Islami Bank Limited Shimanto Bank Limited National Credit & Commerce Bank Limited	200,000,000 90,000,000 200,000,000 200,000,000 135,000,000 375,000,000	200,000,000 - 140,000,000 830,000,000 200,000,000 200,000,000 650,000,000 600,000,000 50,000,000
12.1	IIDFC maintains the highest level of commitment to depositors in terms of repayment, customer services. Deposits from banks and financial institutions Agrani Bank Limited Prime Finance & Investment Limited BRAC Bank Limited The City Bank Ltd. Sonali Bank Limited Janata Bank Limited Shahjalal Islami Bank Limited Shahjalal Islami Bank Limited National Credit & Commerce Bank Limited NRB Commercial Bank Limited	200,000,000 90,000,000 200,000,000 200,000,000 135,000,000 375,000,000 50,000,000 100,000,000	200,000,000 140,000,000 830,000,000 200,000,000 200,000,000 650,000,000 600,000,000 260,000,000 50,000,000 100,000,000
	IIDFC maintains the highest level of commitment to depositors in terms of repayment, customer services. Deposits from banks and financial institutions Agrani Bank Limited Prime Finance & Investment Limited BRAC Bank Limited The City Bank Ltd. Sonali Bank Limited Janata Bank Limited Janata Bank Limited Shahjalal Islami Bank Limited Shimanto Bank Limited National Credit & Commerce Bank Limited NRB Commercial Bank Limited Bangladesh Finance Limited Maturity grouping of deposits & other accounts Payable on demand	200,000,000 90,000,000 200,000,000 200,000,000 135,000,000 375,000,000 100,000,000	200,000,000 -140,000,000 830,000,000 200,000,000 200,000,000 650,000,000 600,000,000 50,000,000 100,000,000 3,230,000,000
	IIDFC maintains the highest level of commitment to depositors in terms of repayment, customer services. Deposits from banks and financial institutions Agrani Bank Limited Prime Finance & Investment Limited BRAC Bank Limited The City Bank Ltd. Sonali Bank Limited Janata Bank Limited Shahjalal Islami Bank Limited Shahjalal Islami Bank Limited National Credit & Commerce Bank Limited NRB Commercial Bank Limited Bangladesh Finance Limited Maturity grouping of deposits & other accounts Payable on demand Up to 1 month	200,000,000 90,000,000 200,000,000 200,000,000 135,000,000 375,000,000 100,000,000 1,350,000,000	200,000,000 -140,000,000 830,000,000 200,000,000 200,000,000 650,000,000 260,000,000 50,000,000 100,000,000 3,230,000,000
	IIDFC maintains the highest level of commitment to depositors in terms of repayment, customer services. Deposits from banks and financial institutions Agrani Bank Limited Prime Finance & Investment Limited BRAC Bank Limited The City Bank Ltd. Sonali Bank Limited Janata Bank Limited Shahjalal Islami Bank Limited Shimanto Bank Limited National Credit & Commerce Bank Limited NRB Commercial Bank Limited Bangladesh Finance Limited Maturity grouping of deposits & other accounts Payable on demand Up to 1 month Over 1 month but within 6 months	200,000,000 90,000,000 200,000,000 200,000,000 135,000,000 50,000,000 100,000,000 1,350,000,000	200,000,000 -140,000,000 830,000,000 200,000,000 200,000,000 650,000,000 50,000,000 100,000,000 3,230,000,000
	IIDFC maintains the highest level of commitment to depositors in terms of repayment, customer services. Deposits from banks and financial institutions Agrani Bank Limited Prime Finance & Investment Limited BRAC Bank Limited The City Bank Ltd. Sonali Bank Limited Janata Bank Limited Shahjalal Islami Bank Limited Shahjalal Islami Bank Limited National Credit & Commerce Bank Limited NRB Commercial Bank Limited Bangladesh Finance Limited Maturity grouping of deposits & other accounts Payable on demand Up to 1 month Over 1 month but within 6 months Over 6 months but within 1 year	200,000,000 90,000,000 200,000,000 200,000,000 135,000,000 375,000,000 100,000,000 1,350,000,000 1,350,000,000	200,000,000 -140,000,000 830,000,000 200,000,000 200,000,000 650,000,000 50,000,000 100,000,000 3,230,000,000 -494,037,067 2,339,747,938 3,587,834,816
	IIDFC maintains the highest level of commitment to depositors in terms of repayment, customer services. Deposits from banks and financial institutions Agrani Bank Limited Prime Finance & Investment Limited BRAC Bank Limited The City Bank Ltd. Sonali Bank Limited Janata Bank Limited Shahjalal Islami Bank Limited Shimanto Bank Limited National Credit & Commerce Bank Limited NRB Commercial Bank Limited Bangladesh Finance Limited Maturity grouping of deposits & other accounts Payable on demand Up to 1 month Over 1 month but within 6 months	200,000,000 90,000,000 200,000,000 200,000,000 135,000,000 50,000,000 100,000,000 1,350,000,000	200,000,000 -140,000,000 830,000,000 200,000,000 200,000,000 650,000,000 600,000,000 50,000,000 100,000,000 3,230,000,000 -494,037,067 2,339,747,938 3,587,834,816 2,325,931,275
	IIDFC maintains the highest level of commitment to depositors in terms of repayment, customer services. Deposits from banks and financial institutions Agrani Bank Limited Prime Finance & Investment Limited BRAC Bank Limited The City Bank Ltd. Sonali Bank Limited Janata Bank Limited Shahjalal Islami Bank Limited Shahjalal Islami Bank Limited National Credit & Commerce Bank Limited NRB Commercial Bank Limited Bangladesh Finance Limited Maturity grouping of deposits & other accounts Payable on demand Up to 1 month Over 1 month but within 6 months Over 6 months but within 1 year Over 1 year but within 5 years Over 5 years but within 10 years Over 10 years	200,000,000 90,000,000 200,000,000 135,000,000 135,000,000 10,000,000 1,350,000,000 1,350,000,000 1,350,000,000 20,000,000 1,350,000,000 1,350,000,000	200,000,000 -140,000,000 830,000,000 200,000,000 200,000,000 650,000,000 50,000,000 100,000,000 3,230,000,000 -494,037,067 2,339,747,938 3,587,834,816
	IIDFC maintains the highest level of commitment to depositors in terms of repayment, customer services. Deposits from banks and financial institutions Agrani Bank Limited Prime Finance & Investment Limited BRAC Bank Limited The City Bank Ltd. Sonali Bank Limited Janata Bank Limited Shahjalal Islami Bank Limited Shahjalal Islami Bank Limited National Credit & Commerce Bank Limited NRB Commercial Bank Limited Bangladesh Finance Limited Maturity grouping of deposits & other accounts Payable on demand Up to 1 month Over 1 month but within 6 months Over 6 months but within 1 year Over 1 year but within 5 years Over 5 years but within 10 years	200,000,000 90,000,000 200,000,000 200,000,000 135,000,000 375,000,000 100,000,000 1,350,000,000 1,350,000,000	200,000,000 -140,000,000 830,000,000 200,000,000 200,000,000 650,000,000 600,000,000 50,000,000 100,000,000 3,230,000,000 -494,037,067 2,339,747,938 3,587,834,816 2,325,931,275
	IIDFC maintains the highest level of commitment to depositors in terms of repayment, customer services. Deposits from banks and financial institutions Agrani Bank Limited Prime Finance & Investment Limited BRAC Bank Limited The City Bank Ltd. Sonali Bank Limited Janata Bank Limited Shahjalal Islami Bank Limited Shahjalal Islami Bank Limited National Credit & Commerce Bank Limited NRB Commercial Bank Limited Bangladesh Finance Limited Maturity grouping of deposits & other accounts Payable on demand Up to 1 month Over 1 month but within 6 months Over 6 months but within 1 year Over 1 year but within 5 years Over 5 years but within 10 years Over 10 years	200,000,000 90,000,000 200,000,000 135,000,000 135,000,000 10,000,000 1,350,000,000 1,350,000,000 1,350,000,000 20,000,000 1,350,000,000 1,350,000,000	200,000,000 140,000,000 830,000,000 200,000,000 650,000,000 650,000,000 50,000,000 100,000,000 3,230,000,000 494,037,067 2,339,747,938 3,587,834,816 2,325,931,275 317,089,028
12.2	IIDFC maintains the highest level of commitment to depositors in terms of repayment, customer services. Deposits from banks and financial institutions. Agrani Bank Limited Prime Finance & Investment Limited BRAC Bank Limited The City Bank Ltd. Sonali Bank Limited Janata Bank Limited Shahjalal Islami Bank Limited Shahjalal Islami Bank Limited NRB Commercial Bank Limited NRB Commercial Bank Limited Bangladesh Finance Limited Maturity grouping of deposits & other accounts Payable on demand Up to 1 month Over 1 month but within 6 months Over 6 months but within 1 year Over 1 year but within 5 years Over 5 years but within 10 years Over 10 years Total Consolidated Deposits & Other Accounts	200,000,000 90,000,000 200,000,000 135,000,000 135,000,000 10,000,000 1,350,000,000 1,350,000,000 1,350,000,000 20,000,000 1,350,000,000 1,350,000,000	200,000,000 140,000,000 830,000,000 200,000,000 650,000,000 650,000,000 50,000,000 100,000,000 3,230,000,000 494,037,067 2,339,747,938 3,587,834,816 2,325,931,275 317,089,028
12.2	IIDFC maintains the highest level of commitment to depositors in terms of repayment, customer services. Deposits from banks and financial institutions Agrani Bank Limited Prime Finance & Investment Limited BRAC Bank Limited The City Bank Ltd. Sonali Bank Limited Janata Bank Limited Shahjalal Islami Bank Limited Shahjalal Islami Bank Limited NRB Commercial Bank Limited NRB Commercial Bank Limited Bangladesh Finance Limited Maturity grouping of deposits & other accounts Payable on demand Up to 1 month Over 1 month but within 6 months Over 6 months but within 1 year Over 1 year but within 5 years Over 5 years but within 10 years Over 10 years Total Consolidated Deposits & Other Accounts IIDFCL IIDFC Securities Limited	200,000,000 90,000,000 200,000,000 200,000,000 135,000,000 375,000,000 100,000,000 1,350,000,000 1,350,000,000 352,756,831 1,670,648,062 2,561,818,384 1,660,782,562 226,410,786 - 6,472,416,626	200,000,000 -140,000,000 830,000,000 200,000,000 200,000,000 650,000,000 50,000,000 100,000,000 3,230,000,000 494,037,067 2,339,747,938 3,587,834,816 2,325,931,275 317,089,028 - 9,064,640,125
12.2	IIDFC maintains the highest level of commitment to depositors in terms of repayment, customer services. Deposits from banks and financial institutions. Agrani Bank Limited Prime Finance & Investment Limited BRAC Bank Limited The City Bank Ltd. Sonali Bank Limited Janata Bank Limited Shahjalal Islami Bank Limited Shahjalal Islami Bank Limited NRB Commercial Bank Limited NRB Commercial Bank Limited Bangladesh Finance Limited Maturity grouping of deposits & other accounts Payable on demand Up to 1 month Over 1 month but within 6 months Over 6 months but within 1 year Over 1 year but within 5 years Over 5 years but within 10 years Over 10 years Total Consolidated Deposits & Other Accounts	200,000,000 90,000,000 200,000,000 135,000,000 135,000,000 135,000,000 100,000,000 1,350,000,000 1,350,000,000 1,350,000,000 20,561,818,384 1,660,782,562 226,410,786 6,472,416,626	200,000,000 140,000,000 830,000,000 200,000,000 650,000,000 650,000,000 100,000,000 100,000,000 3,230,000,000 494,037,067 2,339,747,938 3,587,834,816 2,325,931,275 317,089,028 - 9,064,640,125
12.2	IIDFC maintains the highest level of commitment to depositors in terms of repayment, customer services. Deposits from banks and financial institutions Agrani Bank Limited Prime Finance & Investment Limited BRAC Bank Limited The City Bank Ltd. Sonali Bank Limited Janata Bank Limited Janata Bank Limited Shahjalal Islami Bank Limited Shahjalal Islami Bank Limited National Credit & Commerce Bank Limited NRB Commercial Bank Limited Bangladesh Finance Limited Maturity grouping of deposits & other accounts Payable on demand Up to 1 month Over 1 month but within 6 months Over 6 months but within 1 year Over 1 year but within 5 years Over 5 years but within 10 years Over 10 years Total Consolidated Deposits & Other Accounts IIDFCL IIDFC Securities Limited IIDFC Capital Limited (Note-12.a.1)	200,000,000 90,000,000 200,000,000 200,000,000 135,000,000 375,000,000 100,000,000 1,350,000,000 1,350,000,000 352,756,831 1,670,648,062 2,561,818,384 1,660,782,562 226,410,786 - 6,472,416,626	200,000,000 -140,000,000 830,000,000 200,000,000 200,000,000 650,000,000 50,000,000 100,000,000 3,230,000,000 494,037,067 2,339,747,938 3,587,834,816 2,325,931,275 317,089,028 - 9,064,640,125

				2022	2021
				<u>BDT</u>	BDT
12.a.1	Deposits & Other Accounts of IIDFC Capital Limited				
	Deposits from Banks			-	-
	Deposits from Customers Total			-	-
40				-	-
13	Other Liabilities Finance loss reserve (Note 13.1)			3,622,459,262	1,469,631,110
	Deferred tax			936,745	822,927
	Interest suspense account (Note 13.2)			982,339,540	656,975,148
	Lease rental advance			16,961,683	16,923,447
	Provision for current tax (Note 38)			669,157,489	664,157,489
	Liabilities for financial expenses			68,504,944	83,042,394
	Liabilities for expenses Liabilities for other finance			27,848,186	5,910,787
	Lease liability			9,819,181	19,637,215
	Total			5,398,027,030	2,917,100,517
13.1	Finance Loss Reserve				
13.1					
	Specific Provision on Classified Loans & Advances Opening Balance			1,200,936,903	671,366,104
	Less: Provision fully provided loans & advances written	-off during the year		-	(6,104,803)
	Add: Specific provision provided during the year			1,087,863,058	535,675,602
	Closing balance			2,288,799,961	1,200,936,903
	Provision for diminution in value of Investments				
	Opening Balance			122,196,664	87,925,415
	Add: Provision during the year			14,248,215	34,271,249
	Closing Balance			136,444,879	122,196,664
	General Provision on unclassified Loans & Advance	es			
	Opening balance			103,230,886	132,888,351
	Add: General provision provided during the year			1,435,325	(29,657,465)
	Closing Balance			104,666,211	103,230,886
	Additional provision			31,724,555	34,065,109
	Other provision			1,060,823,655	9,201,548
	Total			3,622,459,262	1,469,631,110
	Particulars of required provision for Loans and Adv	/ances			
	Status of classification	Base for provision	Rate		
	Unclassified (General provision)				
	Standard - other than SME	3,073,298,183	1.0%	30,732,982	54,416,964
	Standard - SME	1,105,690,582 244,456,310	0.25%	2,764,226	6,030,839
	Standard - Own or Other brokerage house Special mention account (SMA)	1,325,761,439	2.00% 5.0%	4,889,126 66,288,072	9,594,610 27,934,082
	Total	5,749,206,514	0.075	104,674,406	97,976,495
	Classified (Specific provision)				
	Sub-standard (SS)	483,840,638	20.0%	96,768,128	49,560,408
	Doubtful (DF)	403,284,992	50.0%	201,642,496	271,811,305
	Bad/ loss (BL)	2,569,431,044	100.0%	2,569,431,044	1,632,005,599
	Total	3,456,556,674		2,867,841,668	1,953,377,311
	Required provision for Investments			136,444,879	122,196,664
	Additional provision (13.1.a) Other provision (13.1.b, 13.1.b.1)			31,724,555 1,060,823,655	34,065,109 9,201,548
	Total provision required			4,201,509,163	2,216,817,127
	Total provision made			3,622,459,262	1,469,631,110
	Excess /(Shortage) provision made			(579,049,901)	(747,186,017)
12.1.0	IIDFC has kept provision according to the time plan as million will be absorbed by IIDFC during the next two years. Additional provision		k. The rest of		

Opening Balance	34,065,109	-
Add: Provision amount during the year	-	34,065,109
Less: Amountclosing/adjusted during the year	(2,340,554)	-
Closing Balance	31,724,555	34,065,109

13.1.b Other provision SDI BDI B			0000	0004
13.1.b Other provision Opening Balance Add: Provision amount during the year Less: Amountclosing/adjusted during the year Closing Balance 36,293,115 9,201,548 13.1b.1 Other provision as per Bangladesh Bank Provision against degret dreceivable Provision for current tax Provision for degret Provision f			2022	2021
Opening Balance	13.1.b	Other provision	<u>RD1</u>	RDI
Add: Provision amount during the year Less: Amountlosing/adjusted during the year Closing Balance 33.0.000,000 Provision as per Bangladesh Bank Provision against equity investment in subsidiaries Provision gainst equity investment in subsidiaries Provision against equity investment in subsidiaries Provision against equity investment in subsidiaries Provision for loans & advances account during the year Provision for loans & advances margin loan Provision for loans & a			0.204.540	
Less: Amountlooing/adjusted during the year Closing Balance 7.1.b.1 Other provision as per Bangladesh Bank Provision against equity investment in subsidiaries Provision against deferred receivable Provision against other assets 7.03.927.614 1.024,530,543 13.2 Interest suspense account Opening Balance Add: Amount transferred to interest suspense account during the year Less: Amount written-off during the year Provision against other assets IIDFC has kept interest suspense account during the year Provision against other assets IIDFC has kept interest suspense according to the time plan approved by Bangladesh Bank. The rest of the amount of interest suspense required to be kept of BDT 648.91 million will be absorbed by IIDFC during the next two years. 13.a Other Liabilities IIDFC Securities Limited (Note-13.a.1) IIDFC Securities Limited (Note-13.a.2) 245,685,216 245,085,217 245		. •		0 204 549
13.1b.1 Other provision as per Bangladesh Bank		9 ,		9,201,546
13.1.b.1 Other provision as per Bangladesh Bank Provision against equity investment in subsidiaries Provision against defiered receivable Provision against defiered receivable Provision against defiered receivable Provision against other assets 13.2 Interest suspense account Opening Balance Add: Amount transferred to interest suspense account during the year Add: Amount written-off during the year Closing Balance Add: Amount written-off during the year Closing Balance BIDFC has kept interest suspense according to the time plan approved by Bangladesh Bank. The rest of the amount of interest suspense required to be kept of BDT 648.91 million will be absorbed by IIDFC during the next two years. 13.a Other Liabilities IIDFC Securities Limited (Note-13.a.1) BIDFC Securities Limited (Note-13.a.2) Less: Inter company liabilities IIDFC Securities Limited (Note-13.a.2) Less: Inter company liabilities IIDFC Securities Limited IIDFC Securities Limited IIDFC Capital Limited Total Other Liabilities of IIDFC Securities Limited Provision for loans & advances-margin loan Provision for current tax Provision for current tax Provision for current tax Prayable to DEE Interest suspense account Liability for expenses Payable to DEE Interest suspense account Liability for expenses Reserve for risk fund Provision for diminution in value of investments Total As per BSEC's directive no. BSEC/SRI/NE/2020/333 dated 27 March 2023; loans loss reserve has been maintained including interest suspense for BDT 366,465,521 which is equivalent to 39,62%.		9 , 9 ,		9 201 5/8
Provision against equity investment in subsidiaries	40.4 5.4		30,233,113	3,201,340
Provision against deferred receivable Provision against deferred receivable Provision against other assets 270,392/814 1,024,530,543 - 1 13.2 Interest suspense account Opening Balance Add: *Amount transferred to interest suspense account during the year 252,5364,392 243,618,375 423,618,375 424,518,375 425,5364,392 423,618,375 4245,536,546,425 4245,536,425 425,5364,392 4245,536,425 425,5364,392 425,5	13.1.0.1	Other provision as per Bangladesh Bank		
13.2 Interest suspense account				-
1,024,530,543				-
Interest suspense account		Provision against other assets		-
Add: Amount transferred to interest suspense account during the year			1,024,530,543	-
Add: Amount transferred to interest suspense account during the year Less: Amount written-off during the year Closing Balance IIDFC has kept interest suspense according to the time plan approved by Bangladesh Bank. The rest of the amount of interest suspense required to be kept of BDT 648.91 million will be absorbed by IIDFC during the next two years. 13.a Other Liabilities IIDFC Securities Limited (Note-13.a.1) IIDFC Capital Limited (Note-13.a.2) Less: Inter company liabilities IIDFC Securities Limited IIDFC Securities Limited IIDFC Capital Limited IIDFC Capital Limited IIDFC Securities Limited IIDFC Capital Limited IIDFC Securities	13.2	Interest suspense account		
Less: Amount written-off during the year Closing Balance IIDFC has kept interest suspense according to the time plan approved by Bangladesh Bank. The rest of the amount of interest suspense required to be kept of BDT 648.91 million will be absorbed by IIDFC during the next two years. 13.a Other Liabilities IIDFCL IIDFC Securities Limited (Note-13.a.1) IIDFC Securities Limited (Note-13.a.2) Less: Inter company liabilities IIDFC Capital Limited (Note-13.a.2) Less: Inter company liabilities IIDFC Securities Limited Securities Limited IIDFC Securities Limited Securities Limited Securities Securities Limited Securities Limited Securities Securities Securities Securities Limited Securities		Opening Balance	656,975,148	421,232,974
Closing Balance ### B82,339,540 ### B82,339,533 ### B82,339,533 ### B82,339,533 ### B82,339,533 ### B82,542,442 ### B82,339,533 ### B82,542,442 ### B82,339,533 ### B82,542,442 ### B82,339,533 ### B8		Add: Amount transferred to interest suspense account during the year	325,364,392	243,618,375
IIDFC has kept interest suspense according to the time plan approved by Bangladesh Bank. The rest of the amount of interest suspense required to be kept of BDT 648.91 million will be absorbed by IIDFC during the next two years. 13.a Other Liabilities IIDFCL IIDFC Securities Limited (Note-13.a.1) IIDFC Capital Limited (Note-13.a.2) Less: Inter company liabilities IIDFC Securities Limited IIDFC Securities Limited IIDFC Capital Limited Total Provision for loans & advances-margin loan Provision for current tax Payable to clients Payable to clients Payable to DSE Interest suspense account Liability for expenses Reserve for risk fund Liability for expenses Reserve for risk fund Provision for diminution in value of investments Total As per BSEC's directive no. BSEC/SRI/NE/2020/333 dated 27 March 2023; loans loss reserve has been maintained including interest suspense for BDT 366.465,521 which is equivalent to 39.62%.		Less: Amount written-off during the year	-	(7,876,201)
13.a Other Liabilities IDFCL		Closing Balance	982,339,540	656,975,148
IIDFC Securities Limited (Note-13.a.1)	13.a	Other Liabilities		
Less: Inter company liabilities Limited		IIDFCL	5,398,027,030	2,917,100,517
Less: Inter company liabilities IIDFC Securities Limited IIDFC Capital Limited Total 13.a.1 Other Liabilities of IIDFC Securities Limited Provision for loans & advances-margin loan Provision for current tax Payable to clients Payable to clients Payable to merchant Banks (City Bank Capital, SEB Capital & IIDFC Capital) Payable to DSE Interest suspense account Liability for expenses Reserve for risk fund Provision for diminution in value of investments Total 4,038,666,425 4,038,666,425 4,038,666,425 4,038,666,425 4,038,666,425		IIDFC Securities Limited (Note-13.a.1)	851,309,533	878,519,591
Less: Inter company liabilities IIDFC Securities Limited IIDFC Capital Limited Total 13.a.1 Other Liabilities of IIDFC Securities Limited Provision for loans & advances-margin loan Provision for current tax Provision for current tax Payable to clients Payable to merchant Banks (City Bank Capital, SEB Capital & IIDFC Capital) Payable to DSE Interest suspense account Liability for expenses Reserve for risk fund Provision for diminution in value of investments Total As per BSEC's directive no. BSEC/SRI/NE/2020/333 dated 27 March 2023; loans loss reserve has been maintained including interest suspense for BDT 366,465,521 which is equivalent to 39.62%.		IIDFC Capital Limited (Note-13.a.2)	245,685,216	243,046,317
IIDFC Securities Limited - - - -			6,495,021,779	4,038,666,425
IIDFC Capital Limited				
Total 6,495,021,779 4,038,666,425			-	-
Provision for loans & advances-margin loan Provision for loans & advances-margin loan Provision for current tax Provision for clients Provision for diminution in value of investments Provision for diminution in value of investments Provision for diminution in SEC/SRI/NE/2020/333 dated 27 March 2023; loans loss reserve has been maintained including interest suspense for BDT 366,465,521 which is equivalent to 39.62%.		·	- C 405 024 770	4 020 000 425
Provision for loans & advances-margin loan Provision for current tax Payable to clients Payable to merchant Banks (City Bank Capital, SEB Capital & IIDFC Capital) Payable to DSE Interest suspense account Liability for expenses Reserve for risk fund Provision for diminution in value of investments As per BSEC's directive no. BSEC/SRI/NE/2020/333 dated 27 March 2023; loans loss reserve has been maintained including interest suspense for BDT 366,465,521 which is equivalent to 39.62%.		Total	6,495,021,779	4,030,000,425
Provision for current tax Payable to clients Payable to merchant Banks (City Bank Capital, SEB Capital & IIDFC Capital) Payable to merchant Banks (City Bank Capital, SEB Capital & IIDFC Capital) Payable to DSE Interest suspense account Liability for expenses Provision for diminution in value of investments Provision for diminution in value of investments As per BSEC's directive no. BSEC/SRI/NE/2020/333 dated 27 March 2023; loans loss reserve has been maintained including interest suspense for BDT 366,465,521 which is equivalent to 39.62%.	13.a.1	Other Liabilities of IIDFC Securities Limited		
Payable to clients Payable to merchant Banks (City Bank Capital, SEB Capital & IIDFC Capital) Payable to merchant Banks (City Bank Capital, SEB Capital & IIDFC Capital) Payable to DSE Interest suspense account Liability for expenses Reserve for risk fund Provision for diminution in value of investments Total 225,323,287 7,985 134,832 12,169 134,832 251,353,921 12,169 134,832 12,378,605 12,378		Provision for loans & advances-margin loan	39,286,598	42,956,542
Payable to merchant Banks (City Bank Capital, SEB Capital & IIDFC Capital) Payable to DSE Interest suspense account Liability for expenses Reserve for risk fund Provision for diminution in value of investments Total As per BSEC's directive no. BSEC/SRI/NE/2020/333 dated 27 March 2023; loans loss reserve has been maintained including interest suspense for BDT 366,465,521 which is equivalent to 39.62%.		Provision for current tax	207,955,655	183,433,629
Payable to DSE Interest suspense account Liability for expenses Reserve for risk fund Provision for diminution in value of investments Total As per BSEC's directive no. BSEC/SRI/NE/2020/333 dated 27 March 2023; loans loss reserve has been maintained including interest suspense for BDT 366,465,521 which is equivalent to 39.62%. 112,169 342,153,310 374,113,891 12,378,605 1,216,667 1,216,667 1,216,667 12,819,335 878,519,591		Payable to clients	225,323,287	251,353,921
Interest suspense account Liability for expenses Reserve for risk fund Provision for diminution in value of investments Total As per BSEC's directive no. BSEC/SRI/NE/2020/333 dated 27 March 2023; loans loss reserve has been maintained including interest suspense for BDT 366,465,521 which is equivalent to 39.62%. 374,113,891 12,378,605 1,216,667 1,216,667 12,819,335 878,519,591		Payable to merchant Banks (City Bank Capital, SEB Capital & IIDFC Capital)		134,832
Liability for expenses Reserve for risk fund Provision for diminution in value of investments Total As per BSEC's directive no. BSEC/SRI/NE/2020/333 dated 27 March 2023; loans loss reserve has been maintained including interest suspense for BDT 366,465,521 which is equivalent to 39.62%.		•		
Reserve for risk fund Provision for diminution in value of investments Total As per BSEC's directive no. BSEC/SRI/NE/2020/333 dated 27 March 2023; loans loss reserve has been maintained including interest suspense for BDT 366,465,521 which is equivalent to 39.62%.		·		
Provision for diminution in value of investments Total As per BSEC's directive no. BSEC/SRI/NE/2020/333 dated 27 March 2023; loans loss reserve has been maintained including interest suspense for BDT 366,465,521 which is equivalent to 39.62%.				
Total 851,309,533 878,519,591 As per BSEC's directive no. BSEC/SRI/NE/2020/333 dated 27 March 2023; loans loss reserve has been maintained including interest suspense for BDT 366,465,521 which is equivalent to 39.62%.				
As per BSEC's directive no. BSEC/SRI/NE/2020/333 dated 27 March 2023; loans loss reserve has been maintained including interest suspense for BDT 366,465,521 which is equivalent to 39.62%.				
for BDT 366,465,521 which is equivalent to 39.62%.		Total	031,303,333	070,313,331
13.a.2 Other liabilities of IIDFC Capital Limited			as been maintained includin	g interest suspense
	13.a.2	Other liabilities of IIDFC Capital Limited		

Finance loss reserve	171,598,330	172,310,330
Provision for diminution in value of investment	10,877,877	10,165,877
Current tax liability	53,676,055	52,702,427
Liability for financial expenses(Portfolio Investors' Fund)	8,578,105	7,055,036
Liability for expenses	954,849	812,647
Payable to Brokerage & Others	-	-
Total	245,685,216	243,046,317

Loan loss reserve has been maintained following the BSEC directive no. SEC/CMRRCD/2009-193/196 dated 28 December 2016 and subsequent directive number BSEC/SRI/NE/2020/606 dated 28 December 2022.

IIDFC LIMITED | ANNUAL REPORT-2022 Page- 124

		2022 BDT	2021 BDT
Share Capital		551	501
Authorized Capital			
(500,000,000 shares of Tk. 10 each)		5,000,000,000	5,000,000,00
Subscribed & Paid-up Capital:			
(173,777,068 shares of Tk. 10 each)		1,737,770,680	1,737,770,68
Paid-up Share Capital as on 31 December, 2021 comprises	the followings		
Public Sector			
Name of Shareholders	No. of Shares	<u>Value</u>	<u>Percentage</u>
Sonali Bank Limited	13,380,903	133,809,030	7.70%
Janata Bank Limited	13,380,903	133,809,030	7.70%
Investment corporation of Bangladesh	13,380,903	133,809,030	7.70%
	40,142,709	401,427,090	23.10%
Private sector			
AB Bank Ltd.	2,667,923	26,679,230	1.54%
Bank Asia Ltd.	13,380,903	133,809,030	7.70%
BRAC Bank Ltd.	10,449,259	104,492,590	6.01%
The City Bank Ltd.	13,380,903	133,809,030	7.70%
Mutual Trust Bank Ltd.	13,380,903	133,809,030	7.70%
National Bank Ltd.	13,380,903	133,809,030	7.70%
ONE Bank Ltd.	13,380,903	133,809,030	7.70%
Southeast Bank Ltd.	10,449,259	104,492,590	6.01%
Eastland Insurance Co. Ltd.	10,449,259	104,492,590	6.01%
National Life Insurance Co. Ltd.	13,380,903	133,809,030	7.70%
Pragati Insurance Ltd.	13,380,903	133,809,030	7.70%
Mr. Md. Matiul Islam	5,952,338	59,523,380	3.43%
	133,634,359	1,336,343,590	76.90%
Total	173,777,068	1,737,770,680	100.00%

14.1 Capital adequacy

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

 Paid up capital
 1,737,770,680
 1,737,770,680

 Required capital as per Bangladesh Bank
 1,000,000,000
 1,000,000,000

 Excess/(Shortage) capital
 737,770,680
 737,770,680

14.2 Capital adequacy and market discipline

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

Tier-1 (Core Capital)

Fully paid-up capital/ capital lien with BB 1,737,770,680 1,737,770,680 371,950,483 371,950,483 Statutory reserve Non-repayable share premium account (share money deposits) 50,800,000 50,800,000 General reserve (944,940,927) (3,881,868,583) Retained earnings Minority interest in subsidiaries Non-cumulative irredeemable preference shares Dividend equalization account Other (if any item approved by Bangladesh Bank) 1,215,580,236 Sub-Total (1,721,347,419)

		2022 <u>BDT</u>	2021 <u>BDT</u>
	Deductions from tier-1(Core capital)		
	Book value of goodwill and any value of any contingent assets which are shown as assets Shortfall in provisions required against classified assets Shortfall in provisions required against investment in share	:	-
	Remaining deficit on account of revaluation of investments in securities after netting off any other surplus on the securities Any investment exceeding the approved limit	-	-
	Investments in subsidiaries which are not consolidated Other (if any)	-	-
	Sub-Total Total climble Ties 4 control	(4 724 247 440)	4 245 500 226
	Total eligible Tier-1 capital	(1,721,347,419)	1,215,580,236
	2. Tier-2 (Supplementary capital)		
	General provision (Unclassified up to special limit + SMA + off balance sheet exposure) Assets revaluation reserves up to 50% Paralleliation reserve for experition up to 50%	164,812,152 -	169,793,241
	Revaluation reserve for securities up to 50% All other preference shares Other (if any item approved by Bangladesh Bank)		- -
	Sub-Total Deductions, if any	164,812,152	169,793,241
	Total eligible Tier-2 capital	164,812,152	169,793,241
Α	Total capital	(1,556,535,267)	1,385,373,476
В	Total risk weighted asset	14,231,872,989	15,258,720,143
С	Required capital	1,423,187,299	1,525,872,014
D	Surplus / (Deficit) Capital adequacy ratio (CAR)	(2,979,722,566) -10.94%	(140,498,537) 9.08%
	On core capital (Tier-1) On supplementary capital (Tier-2)	-12.10% 1.16%	7.97% 1.11%
15	Statutory reserve Opening balance	371,950,483	371,950,483
	Add: Addition during the year	-	371,950,483
	Closing balance In compliance with the clause no 6 of Financial Institutions Regulations, 1994, Financial Institution after tax and before appropriation of dividend in a particular year, if the financial institution's sum of Reserve is less than the paid up capital of that financial institution.		east 20% of it's profit
16	General reserve		
	Opening Balance Add: Addition during the year	50,800,000	50,800,000
	Closing balance	50,800,000	50,800,000
	General reserve represents reserve for mitigating general and contingent situation which are unforce its stakeholders.	seen or uncertain relating	to the Company and
16.a	Consolidated general reserve		
	IIDFCL	50,800,000	50,800,000
	IIDFC Securities Limited IIDFC Capital Limited	17,242,477 164,075	17,000,000
		68,206,552	67,800,000
17	Share Money Deposit Opening balance		
	Add: Addition during the year	-	-
	Less: Transfer as Right share and include in Paid-up Capital	-	-
	Closing balance	-	-

Page- 126 IDFC LIMITED ANNUAL REPORT-2022

					2022	2021
					BDT	BDT
18	Stock dividend					
	Opening balance				-	-
	Add: Stock dividend				_	_
	Less: Converted into paid up ca	anital			_	
		apital				
	Closing balance				-	
18.a	Consolidated stock dividend					
	IIDFC Limited					
	IIDFC Securities Ltd.					
						-
	IIDFC Capital Limited				-	-
					-	-
19	Potained carnings					
19	Retained earnings				(0.4.4.0.40.007)	(50.050.400)
	Opening balance				(944,940,927)	(56,359,123)
	Less: Non-divisible profit					-
	Net profit during the year				(2,936,927,655)	(888,581,804)
	Less: Statutory reserve				-	-
	Less: General reserve				-	-
	Less: Stock Dividend				_	_
	Closing balance				(3,881,868,583)	(944,940,927)
	Glosing bulance				(0,001,000,000)	(044,040,021)
19.a	Consolidated Retained earning	ngs				
	IIDFCL				(3,881,868,583)	(944,940,927)
	IIDFC Securities Limited (Note-	·19.a.1)			112,464,445	110,113,292
	IIDFC Capital Limited (Note-19				(23,722,578)	(25,321,211)
	Sub-Total	.4.2)			(3,793,126,716)	(860,148,846)
	Less: Non-controlling interest				13,587	13,261
	Total				(3,793,140,303)	(860,162,107)
19.a.1	Retained earnings of IIDFC S	courities Limited				
13.4.1	Retained earnings of fibro 5	ecurities Limited				
	Opening balance				110,113,292	107,688,520
	Add: Net profit during the year				2,593,630	2,424,772
	Less: Transfer to capital/genera	al reserve			242,477	_,,
	Closing balance				112,464,445	110,113,292
	· ·					
19.a.2	Retained earnings IIDFC Cap	ital Ltd.				
	Opening balance				(25,321,211)	(26,961,958)
	Add: Net profit during the year				1,762,708	1,640,747
	Less: Transfer to capital/genera	al reserve			164,075	-
	Closing balance				(23,722,578)	(25,321,211)
19.a.3						
	Share capital				137,030	137,030
	Retained earnings				13,587	13,261
	General reserve				2,126	2,126
	Closing balance				152,742	152,417
		Name of subsidiary	Amount of	Right of		Non-controlling
		company	share capital	IIDFC	Share of IIDFC	share capital
		IIDFC Securities Limited	1,000,000,000	99.9875%	999,874,970	125,030
		IIDFC Capital Limited	600,000,000	99.9980%	599,988,000	12,000
			1,600,000,000		1,599,862,970	137,030
		Non-Divisible Profit	-		(65,000,000)	-
		Total	1,600,000,000		1,534,862,970	137,030

2021 BDT Contingent liabilities & capital expenditure commitments In the normal course of business, the Company makes various commitments and incurs certain contingent liabilities. No material losses are anticipated as a result of these transactions. These contingent liabilities and business commitments are quantified below: Letter of quarantee: Money for which the company is contingently liable in respect of guarantees given favouring: Directors Government Banks and other financial institutions Others (Note-20.1) 200,562,022 202,396,222 200.562.022 202.396.222 Sub Total Letter of credit: For import of equipments under lease finance Sub-Total Total 200,562,022 202,396,222 20.1 Others 202,396,222 Bank Guarantee-Non Funded 200,562,022 200,562,022 202,396,222 20.2 Capital expenditure commitments There was no capital expenditure contracted but not incurred or provided for as on 31 December, 2022, or no capital expenditure authorized by the Board but not contracted as on 31 December, 2022. 21 Interest income Interest income from balance with other banks & financial institutions 744,448 476 020 Interest income from lease finance 1,545,900 110,675,443 Interest income from direct/ term finance 421,124,411 868,129,055 Interest income from FDR placement 22,061,913 26,635,826 Interest income from bills discounted & purchased 2,588,985 148,694 Total 448,065,657 1,006,065,037 21.a Consolidated interest income IIDFCL 448,065,657 1,006,065,037 IIDFC Securities Limited (Note-21.a.1) 80,368,405 95 583 595 IIDFC Capital Limited (Note-21.a.2) 11,612,364 14,018,153 540,046,426 1,115,666,785 Less: Inter company transaction **IIDFC** Securities Limited 32,059,005 60,850,100 **IIDFC** Capital Limited 32,059,005 60,850,100 507,987,421 1,054,816,685 Total 21.a.1 Interest income of IIDFC Securities Limited Interest income from margin loan 77,973,972 87,715,246 Interest Income from FDR 436,019 Interest Income from Staff Ioan 20,917 75,559 Interest income from balance with other banks 7,356,771 2.373.516 80,368,405 95,583,595 21.a.2 Interest income of IIDFC Capital Limited Interest income from margin loan 11,612,364 14,018,153 Interest income from balance with other banks & financial institutions 11,612,364 14,018,153 22 Interest paid on deposits, borrowings etc. Interest on deposits 209,752,191 304,706,315 Fixed deposits Short-term deposits 454,579,065 527,153,750 Other deposits 664,331,256 831,860,065 Interest on borrowings For borrowings from other banks, financial institutions 255,608,894 260,165,021 Long term loan Overdraft facilities 59,013,792 70,046,588 Money at call and short notice 25,830,687 24,925,429 340,453,373 355,137,038 Interest on lease rent 2,078,220 2,785,197

Page- 128]]]])))) ANNUAL REPORT-2022

Total

1,006,862,849

1,189,782,299

		2022	2021
		<u>BDT</u>	<u>BDT</u>
22.a	Consolidated interest paid on deposits, borrowings etc.		
	IIDFCL	1,006,862,849	1,189,782,299
	IIDFC Securities Limited (Note-22.a.1)	42,467,311	63,815,229
	IIDFC Capital Limited (Note-22.a.2)	1,406,869	847,000
		1,050,737,029	1,254,444,528
	Less: Inter-company transaction IIDFC Securities Limited	32,059,005	60,850,100
	IIDFC Capital Limited	32,039,003	-
		32,059,005	60,850,100
	Total	1,018,678,024	1,193,594,428
22.a.1	Interest paid on deposits, borrowings etc. of IIDFC Securities Limited		100
		00.050.005	00.050.400
	Interest on borrowing from IIDFC Ltd . Interest on borrowing from bank & other financial institutions	32,059,005 10,408,306	60,850,100 2,965,129
	Total	42,467,311	63,815,229
		12, 101, 1011	55,515,225
22.a.2	Interest paid on deposits, borrowings etc. of IIDFC Capital Limited		
	Interest on borrowing from bank & other financial institutions	-	-
	Interest on Demand Loan	1,406,869	847,000
	Total	1,406,869	847,000
23	Income from investment		
	Capital gain	2,175,554	95,093,224
	Interest income from Bond & Others	3,412,668	12,683,544
	Interest income from Unit Fund (loss) Dividend income	913,391 16,570,275	(5,074,660) 13,960,441
	Total	23,071,888	116,662,550
		20,011,000	110,002,000
23.a	Consolidated income from investment		
	IIDFCL	23,071,888	116,662,550
	IIDFC Securities Limited (Note-23.a.1)	31,635,251	66,184,970
	IIDFC Capital Limited (Note-23.a.2)	5,418,352	25,874,009
	Total	60,125,491	208,721,529
23.a.1	Income from investment of IIDFC Securities Limited		
	Dividend income	2,164,532	1,623,399
	Capital gain on investment in securities	29,470,719	64,561,571
	Total	31,635,251	66,184,970
23.a.2	Income/(Loss) from investment of IIDFC Capital Limited		
	Dividend income	4,317,923	5,092,767
	Capital gain/(loss) on investment in securities	1,100,429	20,781,242
	Total	5,418,352	25,874,009
24	Commission, exchange and brokerage		
	Commission on securities trading	-	-
	Total	-	-
24.a	Consolidated income from commission, exchange and brokerage		
	IIDFCL	-	-
	IIDFC Securities Limited	111,459,911	170,734,729
	IIDFC Capital Limited Total	4,182,464 115,642,375	12,698,804 183,433,533
		110,042,070	100,400,000
25	Other operating income	4.075.050	45 754 040
	Syndication fee income Bank guarantee income	1,275,652	15,754,348
	Carbon finance income	17,216,935	_
	Application & processing fees	309,739	1,599,155
	Transfer fees	71,292	40,511
	Notice charge	1,305,932	1,385,791
	Profit from sale of fixed assets	(535,816)	1,020,199
	Cancellation charges Other income	(625,557) 20,595,250	11,212,019
	Total	39,613,427	31,012,023
			,,

···(((((Page- 129

		2022	2021
		<u>BDT</u>	<u>BDT</u>
25.a	Consolidated other operating income		
	IIDFCL	39,613,427	31,012,023
	IIDFC Securities Limited (Note-25.a.1)	8,519,965	8,251,501
	IIDFC Capital Limited (Note-25.a.2)	268,024	537,312
	Total	48,401,416	39,800,836
25.a.1	Other operating income of IIDFC Securities Limited		
	BO & trading accounts maintenance income	652,035	779,550
	Income against CDBL charges	_	
	Gain on disposal of assets	46,520	245,200
	Cheque dishonor charges	39,000	41,000
	Others	223,721	487,451
	Income from dealer account	7,558,689	6,517,582
	Reversal of payable to SBCSL (Note 13.a.1)		180,718
	Total	8,519,965	8,251,501
25.a.2	Other operating income of IIDFC Capital Limited		
	Non-Operating Income	268,024	537,312
	Underwriting commission	· -	
	Service Charge & Commission	-	-
	Total	268,024	537,312
26	Salaries & allowances		
	Basic salary	91,917,976	90,532,368
	Allowances	59,482,726	57,883,258
	Festival bonus	12,973,728	12,343,675
	Company's contribution provident fund	7,143,407	7,679,140
	Group insurance	3,885,447	3,701,642
	Retirement benefits & gratuity	10,000,000	825,000
	Total	185,403,284	172,965,083

Salaries and allowances of IIDFC Limited include annual contribution to Provident Fund and Gratuity Fund. This Provident Fund and Gratuity Fund is also applicable for IIDFC group also.

IIDFC Limited operates a funded gratuity scheme (which is a defined benefit scheme as specified in IAS 19). Gratuity fund is administered by a Board of Trustees and Company contributions are invested separately from company assets. Employees are entitled to gratuity benefit after completion of a minimum years of service with the Company. The Company is contributing to the fund as per yearly requirement based on present employees status and payment requirement.

26.a	Consolidated salaries & allowances		
	IIDFCL	185,403,284	172,965,083
	IIDFC Securities Limited (Note-26.a.1)	60,929,018	60,708,255
	IIDFC Capital Limited (Note-26.a.2)	13,014,374	12,455,850
	Total	259,346,676	246,129,188
26.a.1	Salaries & allowances of IIDFC Securities Limited		
	Basic salary	17,047,734	15,774,388
	Allowances	12,919,909	11,551,468
	Bonus	5,675,696	6,563,117
	Company's contribution to provident fund	1,448,777	1,514,313
	Group insurance	684,368	741,611
	Retirement benefits & gratuity	2,136,723	600,000
	Leave fare assistance	1,197,370	1,322,425
	Leave encashment	2,901,358	2,550,037
	Associate salary	13,878,582	18,586,694
	Casual staff salary	2,020,341	1,504,202
	Employees recreation	1,018,160	
	Total	60,929,018	60,708,255
26.a.2	Salaries & allowances of IIDFC Capital Limited		X C a P I I T
	Basic salary	5,948,685	5,458,359
	Allowances	4,359,187	3,950,845
	Bonus	934,000	894,506
	Company's contribution provident fund	472,500	545,838
	Group Insurance	236,914	207,647
	Cleaning staff salary	90,000	144,226
	Retirement benefits & gratuity	467,000	445,254
	Leave fare assistance	440,778	437,683
	Leave encashment	_	354,630
	Others	65,310	16,862
	Total	13,014,374	12,455,850

		2022	2021
27	Dant tayon incurrence alcohricity ata	<u>BDT</u>	<u>BDT</u>
27	Rent, taxes, insurance, electricity etc. Office rent	4,942,149	1,806,099
	Rate & taxes	769,050	830,382
	Insurance payment	171,832	233,463
	Electricity, gas and water	3,486,575	3,423,803
	Total	9,369,606	6,293,747
27.1	Disclosure related to office rent:		
	Actual rent expenses	25,491,156	22,485,801
	Less: Reclassification of rent expenses (as per IFRS-16: Leases) Rent expense as reported	20,549,007 4,942,149	20,679,702 1,806,099
	In addition the above mentioned change in rent expense, implementation of IFRS-16 has resulted in		
	asset as disclose in Annexure-I and of interest expense on lease rent as disclosed in note-22	richarging of depreciation	r against rtight-or-use
27.a	Consolidated rent, taxes, insurance, electricity etc.		
	IIDFCL IIDFC Securities Limited (Note-27.a.1)	9,369,606 8,844,240	6,293,747 7,280,225
	IIDFC Capital Limited (Note-27.a.1)	1,132,069	1,132,024
	Total	19,345,915	14,705,996
27 - 4	Don't toward incommon plantwisity at a of UDEC Committee Limited		
27.a.1	Rent, taxes, insurance, electricity etc. of IIDFC Securities Limited Rent, rates and taxes	8,075,238	6,566,441
	Insurance	17,210	10,011
	Electricity, gas and water	751,792	703,773
	Total	8,844,240	7,280,225
27.a.2	Rent, taxes, insurance, electricity etc. of IIDFC Capital Limited		
	Rent, rates and taxes	828,000	828,000
	Water, gas and other bills	144,000	144,000
	Electricity bill Total	160,069 1,132,069	160,024 1,132,024
28	Legal expenses		
	Professional charges	1,383,741	1,435,801
	Legal expenses	5,222,242	5,779,721
	Total	6,605,983	7,215,522
28.a	Consolidated legal expenses		
	IIDFCL	6,605,983	7,215,522
	IIDFC Securities Limited IIDFC Capital Limited	1,396,042 495,625	1,259,617 130,125
	Total	8,497,650	8,605,264
29	Postage, stamp, telecommunications etc. Postage and courier	119,993	104,168
	Phone, fax & internet	3,995,997	3,775,894
	Total	4,115,990	3,880,062
29.a	Consolidated postage, stamp, telecommunications etc.	4,115,990	3,880,062
	IIDFC Securities Limited	1,964,758	1,816,964
	IIDFC Capital Limited	272,696	283,471
	Total	6,353,444	5,980,497
30	Stationery, printing, advertisement etc.		
	Printing & stationery	2,634,284	2,340,725
	Advertisement	2,358,134	1,492,078
	Total	4,992,418	3,832,803
30.a	Consolidated stationery, printing, advertisement etc.		
	IIDFCL	4,992,418	3,832,803
	IIDFC Securities Limited	1,191,465	741,591
	IIDFC Capital Limited Total	226,382 6,410,265	172,331 4,746,725
		0,710,200	4,1 40,1 20

		2022	2021
		BDT	BDT
31	Managing director's salary and fees	45.5	
	Basic salary	3,630,000	3,547,500
	House rent allowance	1,815,000	1,773,750
	Medical allowance	181,500	177,375
	Entertainment allowance	181,500	177,375
	Festival bonus	605,000	605,000
	Car allowance (Note-36.1)	812,451	691,566
	Group insurance	264,862	166,883
	Leave fare assistance	201,002	100,000
	Earned leave		_
	Others	60,000	60,000
	Total	·	7,199,449
	Total	7,550,313	7,199,449
32	Directors' Fees		
	Directors' fees	1,464,000	792,000
	Others Benefits	-	-
	Total	1,464,000	792,000
	The Company pays fees to its Directors for attending the Board Meeting and its Committee Meetin per DFIM Circular # 03, dated February 24, 2010 Directors/Committee Members have been paid fee At present, Directors/Committee Members are paying fees @ Tk. 8,000.00 for attending each November 30, 2015.	es @ Tk. 5,000.00 for att	tending each meeting.
32.a	Consolidated directors' fees		
	IIDFCL	1,464,000	792,000
	IIDFC Securities Limited	378,400	70,400
	IIDFC Capital Limited	238,000	73,600
	Total	2,080,400	936,000
33	Auditor's fees	679,420	529,000
33.a	Consolidated auditor's fees		
	IIDFCL	679,420	529,000
	IIDFC Securities Limited	161,000	161,000
	IIDFC Capital Limited	172,500	172,500
	Total	1,012,920	862,500
34	Loans & advances written-off		
	Loans & advances written-off during the year	-	-
	Interest waived	-	-
	Total	-	-
34.a	Consolidated loans & advances written-off		
	IIDFCL	-	-
	IIDFC Securities Limited	70,908,577	144,558,034
	IIDFC Capital Limited	-	31,000,000
	Total	70,908,577	175,558,034
35	Repair, depreciation and amortizations of company's assets		
	Repair of company's assets:		
	Furniture & fixtures	86,010	107,585
	Software's	93,400	1,101,986
	Office equipments	534,056	602,749
	Sub Total	713,466	1,812,320
	Depreciation of company's assets		
	Depreciation of Fixed assets including premises, furniture & fixtures	26,620,378	26,343,023
	Sub Total	26,620,378	26,343,023
	Amountination of intermible posses		
	Amortization of intangible assets	4.055.454	100.05
	Computer software	1,255,454	488,881
	Total repair and depreciation of company's assets	28,589,298	28,644,224

		2022	2021
		BDT	BDT
35.a	Consolidated repair, depreciation and amortization of intangible asset	ts	
	Repair of company's assets		
	IIDFCL	713,466	1,812,320
	IIDFC Securities Limited	913,265	630,738
	IIDFC Capital Limited	71,085	437,239
		1,697,816	2,880,297
	Depreciation of Fixed assets including premises, furniture & fixtures		
	IIDFCL	26,620,378	26,343,023
	IIDFC Securities Limited	2,034,806	966,788
	IIDFC Capital Limited	52,330	112,859
		28,707,514	27,422,670
	Amortization of intangible assets		
	IIDFCL	1,255,454	488,881
	IIDFC Securities Limited	- I	<u>-</u>
	IIDFC Capital Limited	- I	-
		1,255,454	488,881
	Total repair and depreciation of assets	31,660,784	30,791,848
36	Other expenses		
	Office maintenance	3,081,491	2,792,898
	Travelling & conveyance	17,447,634	15,498,195
	Meeting expenses	1,696,396	1,493,212
	Entertainment	483,404	334,622
	Car running & maintenance expenses	2,348,581	3,777,391
	Bank charge & excise duty	5,507,312	1,318,291
	Training expenses	685,100	206,007
	NID Verification Charge	10,610	17,463
	Membership fees & subscriptions	638,667	444,592
	Books & periodicals	56,037	51,693
	Donation and CSR Purpose	20,000	300
	Project expenses	17,300	1,542,753
	Total	31,992,532	27,477,417

As per Bangladesh Bank DFIM circular no # 12 dated 18 November 2015, Expenses regarding Motor Car / Motor Cycle maintenance breakup is given below:

During the year 2022, total car maintenance and running cost of the Company was TK. 3,991,716 which was TK. 3,777,391 in the Y2021. The total costs includes fuel cost for running vehicles and maintenance costs for full year.

36.a Consolidated other expenses		
IIDFCL	31,992,532	27,477,417
IIDFC Securities Limited	13,328,816	17,071,466
IIDFC Capital Limited	1,650,785	1,585,676
Total	46,972,133	46,134,559
37 Provision for loans & advances		
Provision for classified loans & advances	1,087,863,058	535,675,602
Provision for unclassified loans & advances	1,435,325	(29,657,465)
Provision for diminution in value of investments	14,248,215	34,271,249
Additional provision	(2,340,554)	34,065,109
Other provision (Note 37.1)	1,051,622,102	9,201,548
Total	2,152,828,147	583,556,043
Other provision (Note 37.1)		
Other provision	27,109,901	7,177,586
Equity investment in subsidiaries	320,000,000	-
Deferred receivable	602,929	-
Other assets	703,927,614	-
Off-balance sheet items	(18,342)	2,023,962
	1,051,622,102	9,201,548
37.a Consolidated provision for loans & advances		
Provision for classified loans & advances	1,087,863,058	535,675,602
Provision for unclassified loans & advances	1,435,325	(29,657,465)
Provision for diminution in value of investments	14,465,677	35,114,574
Other provision	1,049,281,548	43,266,657
Total	2,153,045,609	584,399,368

2022	2021
<u>BDT</u>	<u>BDT</u>

38 Provision for tax

Provisions for current tax has been made on the basis of the profit for the year as adjusted for taxation purposes in accordance with the provisions of The Income Tax Ordinance, 1984 and amendments made thereto. The current tax rate for the Company is 40% on taxable income. Adequate provision has been made for disputed tax against which appeal has been made and decision is pending.

Provision for current tax Opening balance

	Add: Provision made during the year	664,157,489	657,279,245
		5,000,000	6,878,244
		-	-
	Less: Settlement during the year	-	-
	Closing balance	669,157,489	664,157,489
38.1	Provision for deferred tax		
	Opening balance	(5,636,062)	(8,911,583)
	Add: Provision made during the year (Note-38.2)	2,224,788	3,275,521
	Less: Deferred tax no more required-transferred to current tax	-	-
	Less: Settlement during the year	-	-
	Closing balance	(3,411,274)	(5,636,062)

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

38.2 Deferred tax expense/(income)

	Change in Deferred Tax Liability	113,818	151,003
	Change in Deferred Tax Asset	2,110,969	3,124,518
		2,224,788	3,275,521
38.a	Consolidated provision for tax		
	Opening balance	892,406,091	840,761,079
	Add: Provision made during the year	30,495,654	47,863,173
	Add: Deferred tax during the year	2,369,660	3,781,839
		32,865,314	51,645,012
	Closing balance	925,271,405	892,406,091

39 Earnings per share (EPS)

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

Basic Earnings Per Share has been calculated as follows:

Earnings attributable to ordinary shareholders (Net Profit after Tax)

Number of ordinary shares outstanding during the year

Basic earnings per share (in BDT)

(2,936,927,655)
(888,581,804)
173,777,068
173,777,068
(16.90)

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

39.a Consolidated Earnings per share (EPS)

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

Basic earnings per share has been calculated as follows:

Earnings attributable to ordinary shareholders (Net Profit after Tax)

Number of ordinary shares outstanding during the year

Basic earnings per share (in BDT)

(2,932,571,320)
(884,516,285)
173,777,068
(15.88)
(5.99)

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

Page- 134)))))))) ANNUAL REPORT-2022

40 Related party transactions

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

Name of the parties	Nature of Loan/Lease	Nature of Transactions	Outstanding Balance 2022 <u>BDT</u>	Outstanding Balance 2021 <u>BDT</u>
AB Bank Ltd.	Sponsor Shareholder	STD/SND Account	3,057	3,057
AB Bank Ltd.	Sponsor Shareholder	Term Deposit	-	-
Bank Asia Ltd.	Sponsor Shareholder	STD/SND Account	60,115,272	20,958,675
BRAC Bank Limited	Sponsor Shareholder	Term Deposit	-	140,000,000
Janata Bank Ltd.	Sponsor Shareholder	STD/SND Account	4	4
Janata Bank Ltd.	Sponsor Shareholder	Term Deposit	200,000,000	200,000,000
Mutual Trust Bank Limited	Sponsor Shareholder	Overdraft	509,961,771	-
Sonali Bank Limited	Sponsor Shareholder	STD/SNS/CD Account	5,309	-
Sonali Bank Limited	Sponsor Shareholder	Call Loan	82,600,000	110,000,000
Sonali Bank Limited	Sponsor Shareholder	Term Deposit	200,000,000	200,000,000
Southeast Bank Ltd.	Sponsor Shareholder	SND Account	3,831,338	-
The City Bank Ltd.	Sponsor Shareholder	STD/SND Account	2,383	2,383
The City Bank Ltd.	Sponsor Shareholder	Borrowings	817,500,000	-
The City Bank Ltd.	Sponsor Shareholder	Term Deposit	-	830,000,000

operating deginent resport				Amount in BDT
	<u> </u>	For the year	ar 2022 Merchant	
Segment Revenue and profit	Core Financing Business	Brokerage House Business	Banking Business	Total Business as a Group
Revenue income				
Net interest income	(558,797,192)	37,901,094	10,205,496	(510,690,602
Investment income	23,071,888	31,635,251	5,418,352	60,125,49
Commission and brokerage	•	111,459,911	4,182,464	115,642,37
Other operating income	39,613,427		268,024	48,401,410
Inter-segment revenue	(32,059,005)		-	(32,059,005
Total Segment Revenue (A)	(528,170,882)	189,516,221	20,074,336	(318,580,325
Other operating expenses	220,828,007	127,956,576	17,273,516	366,058,099
Major non-cash expenses				
Depreciation	27,875,832	2,034,806	52,330	29,962,96
Provision for future losses	2,152,828,147	217,462	-	2,153,045,609
Inter-segment expense adjustment	-	32,059,005	-	32,059,00
Total Segment Expense (B)	2,401,531,986	162,267,849	17,325,846	2,581,125,68
Reportable segment profit before tax (A-B)	(2,929,702,867)	27,248,372	2,748,490	(2,899,706,006
		For the ye	ar 2021	
Segment Revenue and profit	Core Financing	Brokerage	Merchant Banking	Total Business
	Business	House Business	Business	as a Group
Revenue income	(400.747.000)	04 700 000	40 474 450	(400 777 740
Net interest income	(183,717,262)		13,171,153	(138,777,743
Investment income	116,662,550		25,874,009	208,721,529
Commission and brokerage	-	170,734,729	12,698,804	183,433,533
Other operating income	31,012,023		537,312	39,800,836
Inter-segment revenue/interest expense _adjustment Total Segment Revenue (A)	(60,850,100) (96,892,789)		52,281,278	(60,850,100 232,328,05
Other operating expenses	171,147,303	173,448,190	47,442,816	392,038,309
Major non-cash expenses	20 201 201	000 700	440.050	07.044.55
Depreciation	26,831,904		112,859	27,911,551
Provision for future losses	583,556,043		-	584,399,368
Inter-segment expense Adjustment Total Segment Expense (B)	781,535,250	60,850,100 236,108,403	47,555,675	60,850,100 1,065,199,32 8
Total deginent Expense (b)	701,333,230	230,100,403	47,000,070	1,000,100,020
Reportable segment profit before tax (A-B)	(878,428,040)	40,831,163	4,725,603	(832,871,274
		For the ye		
Segment assets and liabilities	Core Financing Business	Brokerage House Business	Merchant Banking Business	Total Business as a Group
Segment Assets			Business	
Total Assets	15,963,202,339	2,382,124,294	866,567,804	19,211,894,436
Inter-segment assets	(244,244,510)	(244,244,510)	-	(488,489,020
Total Segment Assets	15,718,957,829	2,137,879,784	866,567,804	18,723,405,416
Segment Liabilities				
Total liabilities	17,684,549,757	1,252,415,245	334,567,400	19,271,532,402
Inter-segment liabilities	(244,244,510)		-	(488,489,020
Total Segment Liabilities	17,440,305,247		334,567,400	18,783,043,382
Total Segment Equity	(1,721,347,419)	1,129,709,049	532,000,404	(59,637,966
		For the ye	ar 2021	
Segment assets and liabilities	One Financian	Bushamana	Merchant	Total Business
ocginent assets and nabilities	Core Financing Business	Brokerage House Business	Banking	Total Business as a Group
Segment Assets			Business	
Total Assets	18,347,402,160	2,567,531,831	836,752,112	21,751,686,102
Inter-segment assets	(379,526,729)		-	(759,053,458
Total Segment Assets	17,967,875,431		836,752,112	20,992,632,644
0				
Segment Liabilities	17.464.004.654	4 440 440 445	000 070 000	40.004.044.65
Total liabilities	17,131,821,924		262,073,323	18,834,311,659
Inter-segment liabilities Total Segment Liabilities	(379,526,729)		262 072 222	(759,053,458
	16,752,295,195	1,060,889,683	262,073,323	18,075,258,201
Total Segment Equity	1,215,580,236	1,127,115,419	574,678,789	2,917,374,443

IIDFC LIMITED | ANNUAL REPORT-2022 Page- 136

42 Board meetings

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

Serial Number	No. Meeting	Date of Meeting
1	237th Meeting	30-Jan-22
2	238th Meeting	28-Feb-22
3	239th Meeting	31-Mar-22
4	240th Meeting	25-May-22
5	241st Meeting	6-Jul-22
6	242nd Meeting	25-Jul-22
7	243rd Meeting	11-Aug-22
8	244th Meeting	24-Aug-22
9	245th Meeting	29-Sep-22
10	246th Meeting	20-Oct-22
11	247th Meeting	23-Nov-22
12	248th Meeting	5-Dec-22
13	249th Meeting	21-Dec-22

43 Disclosure on Audit committee

a. Particulars of audit committee

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

Name	Status in the board	Status in the committee	Other engagement
1. Mr. Md. Mehmood Husain	Director	Chairman	Managing Director, National Bank Limited
2. Mr. Md. Abdus Salam Azad	Director	Member	CEO & Managing Director, Janata Bank Limited
3. Mr. Md. Abul Hossain	Director	Member	Managing Director, ICB
4. Mr. Abu Zafore Md. Saleh	Director	Member	AMD, ONE Bank Limited
5. Mr. Kamal Uddin Ahmed	Director	Member	Director, Eastland Insurance Company Limited

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

b. Meetings held by the committee during the year

Serial Number	No. Meeting	Date of Meeting
1	46th Meeting	26-Apr-22
2	47th Meeting	12-Sep-22
3	48th Meeting	13-Nov-22
4	49th Meeting	29-Dec-22

c. In the meeting amongst other the committee has discussed the following issues during the year 2022

- i) The audit committee reviewed the Financial Statements for the year ended 31 December 2021.
- ii) Reviewed and discussed the Management Letter provided by the external auditor M/s. M M Rahman & Co. for the year ended 31 December 2021 on the annual audit of Financial Statements of IIDFC Limited.
- iii) Reviewed and discussed the Bangladesh Bank inspection report on Internal Control and Compliance and management's response to thereon.
- iv) Reviewed and discussed the Bangladesh Bank detailed Inspection Report 2019 and management's response to the report.
- v) Reviewed various reports like stress testing, Basel, Risk Management Paper etc. and all reports provided by ICC Department.
- vi) Implementation of Core Risk Management Guidelines including Internal Control and Compliance Risk and status of compliance thereof.
- vii) The status of recovery of classified loan and providing the necessary instruction to the management to reduce NPL.
- viii) Reviewed financial performance of IIDFC all over the year and recommended to take necessary action for improving performance of the company.

44. Other Disclosure

44.1 Un-acknowledged debt

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

44.2 Employees' information

A total number of 137 employees were employed in IIDFC as of 31 December 2022. All the employees received salary more than BDT 36,000.00 p.a. during the period 2022.

44.3 Written-off of accounts

During the year no loans & advances were written-off. BDT. 13,930,004 was written-off in the corresponding previous years.

44.4 Subsequent events

No subsequent events are occurred after the balance sheet date.

44.5 Directors' responsibility statement

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

44.6 Date of authorization for issue

The consolidated financial statements as well as separate financial statements were authorized for issue by the Board of Directors on its meeting held on 30/10/2023.

45 General Disclosure

- 45.1 The figures appearing in this financial statements have been rounded off to the nearest integer.
- 45.2 Last year's figures have been rearranged wherever it is found necessary to conform the current year's presentation.

Page- 138 IIDFC LIMITED ANNUAL REPORT-2022

Industrial and Infrastructure Development Finance Company Limited

Fixed Assets Schedule As at 31 December 2022

											Annexure - 1
Sorial			O	COST				DEPRECIATION			Net Book Value
No.	Particulars	Balance as at 1 Jan 2022	Additions During the Year	Adjustment during the year	Balance as at 31 December 2022	Rate	Balance as at 1 Jan 2022	Charged during the year	Adjustment during the year	Balance as at 31 December 2022	as at 31 December 2022
-	Motor Vehicles	16,663,410	-	7,851,410	8,812,000	20%	14,703,597	974,613	6,866,210	8,812,000	•
7	Furniture & Fixtures	34,318,048	2,244,422	3,621,187	32,941,283	10%	20,080,910	2,280,920	1,404,877	20,956,953	11,984,330
က	Office Equipments	50,778,437	8,256,977	7,274,968	51,760,446	18%	42,088,099	4,894,058	6,817,331	40,164,826	11,595,620
4	Right-of-use asset	60,618,988	8,585,286	706,842	68,497,432	1	35,789,010	18,470,787	1	54,259,797	14,237,635
As at 31 D	As at 31 December 2022	162,378,883	19,086,685	19,454,407	162,011,161		112,661,616	26,620,378	15,088,418	124,193,576	37,817,585
As at 31 D	As at 31 December 2021	161,976,145	4,087,643	3,684,905	162,378,883		89,431,885	26,343,023	3,113,292	112,661,616	49,717,267

Intangible Asset - Computer Software

is o		00	COST				AMORTISATION	NO		Net Book Value
No.	Balance as at 1 Additions Jan 2021 During the Ye	Additions Adjustment During the Year	Adjustment during the year	Balance as at 31 December 2021	Rate	Balance as at 1 Jan 2021	Balance as at Charged during 1 Jan 2021 the year	Adjustment during the year	Balance as at 31 December 2021	as at 31 December 2021
1 Computer Software	11,040,818	1,540,000		12,580,818 18%	18%	8,983,501	1,255,454	•	10,238,955	2,341,863
As at 31 December 2022	11,040,818	1,540,000		12,580,818		8,983,501	1,255,454	•	10,238,955	2,341,863
,										
As at 31 December 2021	13,131,471	566,989	2,657,642	11,040,818		10,169,603	488,881	1,674,983	8,983,501	2,057,317

Amount in BDT

Industrial and Infrastructure Development Finance Company Limited

Consolidated Fixed Assets Schedule As at 31 December 2022

Annexure - 1.a

											Amount in BDT
100			0	COST				DEPRE	DEPRECIATION		Net Book Value
No.	Particulars	Balance as at 1 Jan 2022	Additions During the Year	Adjustment during Balance as at 31 the year December 2022	Balance as at 31 December 2022	Rate	Balance as at 1 Jan 2022	Balance as at 1 Charged during Adjustment Jan 2022 the year during the yea	Adjustment during the year	Balance as at 31 December 2022	as at 31 December 2021
-	Motor vehicles	18,271,551	1	7,851,410	10,420,141	20%	16,311,732	974,613	6,866,210	10,420,135	9
7	Fumiture & fixtures	47,881,948	6,213,849	3,982,142	50,113,655	10%	32,571,736	2,825,078	1,765,832	33,630,982	16,482,673
ო	Office equipments	70,958,213	12,172,044	8,056,416	75,073,841	18%	59,086,582	6,437,036	7,598,779	57,924,839	17,149,002
4	Right-of-use asset	60,618,988	8,585,286	706,842	68,497,432	%0	35,789,010	18,470,787	ı	54,259,797	14,237,635
As	As on 31 December 2022	197,730,700	26,971,179	20,596,810	204,105,069		143,759,060	28,707,514	16,230,821	156,235,753	47,869,316
As	As on 31 December 2021	196,872,949	6,180,916	5,323,165	197,730,700		121,077,783	27,422,670	4,741,393	143,759,060	53,971,640

			O	COST				AMOR	AMORTISATION		Net Book Value
a.	Particulars	Balance as at 1 Additions Jan 2022 During the Year	alance as at 1 Additions Jan 2022 During the Year	Adjustment during Balance as at 31 the year December 2022	Balance as at 31 December 2022	Rate	Balance as at 1 Jan 2022	Balance as at 1 Amortized Adjustment Jan 2022 during the year	Adjustment during the year	lance as at 1 Amortized Adjustment Balance as at 31 Jan 2022 during the year during the year December 2022	as at 31 December 2022
Computer	Computer software's	14,207,649	1,540,000	•	15,747,649 18%	18%	12,150,322	1,255,454	•	13,405,776	2,341,873
on 31 Dec	As on 31 December 2022	14,207,649	1,540,000	•	15,747,649		12,150,322	1,255,454	-	13,405,776	2,341,873
on 31 Dec	As on 31 December 2021	16,298,302	566,989	2,657,642	14,207,649		13,336,424	488,881	1,674,983	12,150,322	2,057,327

Amount in BDT

Page- 140 IIDFC LIMITED **ANNUAL REPORT-2022**

Industrial and Infrastructure Development Finance Company Limited

Highlights

Annexure-2

SI.	Particulars	Amount i	n BDT
SI.	Particulars	2022	2021
1	Paid-up capital	1,737,770,680	1,737,770,680
2	Total capital	-1,721,347,419	1,215,580,235
3	Capital surplus	-721,347,419	215,580,235
4	Total assets	15,963,202,339	18,347,402,160
5	Total deposits	6,472,416,626	9,064,640,125
6	Total leases, loans and advances	11,784,441,057	13,926,094,156
7	Total contingent liabilities and commitments	200,562,022	202,396,222
8	Credit deposit ratio	182.07%	153.63%
9	Percentage of classified loans against total loans and assets	46.37%	35.51%
10	Profit after tax and provision	(2,936,927,655)	(888,581,804)
11	Amount of classified loan during year	5,464,374,021	4,944,721,628
12	Provisions kept against classified loans	2,288,799,961	1,200,936,903
13	Provision surplus/(Shortage) against classified loans**	(579,049,901)	(747,186,017)
14	Cost of fund	7.60%	7.58%
15	Interest earnings assets	12,216,481,396	14,245,024,925
16	Non- interest earnings assets	3,734,433,123	4,090,089,414
17	Return on investment (ROI)	4.1%	7.9%
18	Return on assets (ROA)	-18.35%	-4.79%
19	Income from investment	471,137,545	1,122,727,587
20	Earnings per share	(16.90)	(5.11)
21	Net Income per share	(16.90)	(5.11)
22	Price earnings ratio	N/A	N/A







Employees of IIDFC Capital Limited

Independent Auditor's Report

To the Shareholders of IIDFC Capital Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of IIDFC Capital Limited (the company), which comprise the statement of financial position (balance sheet) as at 31 December 2022, and the statement of profit or loss and other comprehensive income (profit and loss statement), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

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

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

Management is responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with IFRSs, the Companies Act 1994 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

Page- 144 IIDFC LIMITED ANNUAL REPORT-2022

Independent Auditor's Report

To the Shareholders of IIDFC Capital Limited

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

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

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

Report on other legal and regulatory requirements

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

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) In our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of these books; and
- c) The statement of financial position (balance sheet) and statement of profit or loss and other comprehensive income (profit and loss statement) dealt with by the report are in agreement with the books of account.

Auditor's Signature : Sd/-

Name of Engagement Partner : Md. Moktar Hossain, FCA, Senior Partner

Enrollment No. : 728

Firm's Name : S. F. AHMED & CO., Chartered Accountants Firm's Reg. No. : 10898 E.P. under Partnership Act 1932

Document Verification Code (DVC) : 2309070728AS586141

Dated, 07 Sep 2023

Statement of Financial Position (Balance Sheet)

As at 31 December 2022

	Nets	2022	2021
	Notes	BDT	BDT
Assets			
Non-current assets			
Property, plant and equipment	4	300,729	288,443
Intangible asset	5	10	10
Deferred tax asset	6	61,682	73,838
		362,422	362,291
Current assets			
Margin loans to clients	7	625,908,701	622,779,125
Investment in securities	8	141,562,148	115,356,700
Advance income tax	9	51,112,061	50,139,755
Advances, deposits and prepayments	10	30,653,523	32,103,811
Account receivables	11	6,307,158	6,496,020
Cash and cash equivalents	12	10,661,791	9,514,410
		866,205,382	836,389,821
Total assets	ALL ALL STATES	866,567,804	836,752,112
Equity Share capital Retained earnings Capital reserve	13 14 15	600,000,000 (23,722,578) 164,075	600,000,000 (25,321,211) -
Total equity		576,441,496	574,678,789
Liabilities			
Non-current liabilities			
Term loan	16	44,441,092	19,027,006
		44,441,092	19,027,006
Current liabilities			
Portfolio Investors' Fund	17	8,578,105	7,055,036
Payable to stock broker	18	954,849	-
Accrued expenses	19	10,877,877	812,647
nvestment diminution reserve	20	165,339,243	10,165,877
Loan loss reserve	21	6,259,087	172,310,330
Provision for income tax	22	53,676,055	52,702,427
		245,685,216	243,046,317
Total liabilities		290,126,308	262,073,323
Total equity and liabilities		866,567,804	836,752,112

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

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

Sd/- Sd/- Sd/- Sd/- Chairman Director Company Secretary Chief Executive Officer

Dhaka, Bangladesh Dated, 07 Sep 2023 Sd/-S. F. AHMED & CO. Chartered Accountants DVC: 2309070728AS586141

Page- 146)))))))) ANNUAL REPORT-2022

Statement of Profit or Loss and Other Comprehensive Income (Profit and Loss Account) For the year ended 31 December 2022

	Notes	2022	2021
	Notes	BDT	BDT
Operating income			
Interest income	23	11,612,364	14,018,153
Interest expense	24	(1,406,869)	(847,000)
Net interest income		10,205,495	13,171,153
Income from investments	25	5,418,352	25,874,009
Income from merchant banking services	26	4,182,464	12,698,804
Other income	27	268,024	537,312
		9,868,841	39,110,125
Total operating income		20,074,336	52,281,278
Operating expenses			
Salaries and allowances	28	13,014,374	12,455,850
Rent, taxes, insurance and utilities	29	1,132,069	1,132,024
Postage, stamp and telecommunications	30	272,696	283,471
Stationery, printing and advertisement	31	226,382	172,331
Professional Fee	32	172,500	172,500
Repair and maintenance	33	71,085	437,239
Depreciation		52,330	112,859
Bad loans written off	34	-	31,000,000
Administrative & other expenses	35	2,384,410	1,789,401
Total operating expenses		17,325,845	47,555,675
Operating profit		2,748,491	4,725,603
Provision for loans and Investments			
Diminution in value of investments		-	-
Loan loss reserve		_	_
Profit before tax		2,748,491	4,725,603
Income tax expense			
Current tax	36	973,628	3,081,677
Deferred tax (expense)/income	6	12,155	3,179
		985,783	3,084,856
Profit for the year		1,762,708	1,640,747
Other comprehensive income		-	_
Total comprehensive income		1,762,708	1,640,747
Earnings per share (EPS)	37	0.03	0.03

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

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

Sd/-Sd/-Sd/-Sd/-ChairmanDirectorCompany SecretaryChief Executive Officer

Dhaka, Bangladesh Dated, 07 Sep 2023

S. F. AHMED & CO. Chartered Accountants DVC: 2309070728AS586141

Sd/-

Statement of changes in equity For the year ended 31 December 2022

Particulars	Share capital BDT	Capital reserve BDT	Retained earnings BDT	Total BDT
Year 2022				
Balance at 01 January 2022 Profit for the year Transfer to capital reserve	600,000,000	- - 164,075	(25,321,211) 1,762,708 (164,075)	574,678,789 1,762,708
Balance at 31 December 2022	600,000,000	164,075	(23,722,578)	576,441,496
Year 2021				
Balance at 01 January 2021 Profit for the year	600,000,000	-	(26,961,958) 1,640,747	573,038,042 1,640,747
Balance at 31 December 2021	600,000,000	-	(25,321,211)	574,678,789

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

Sd/-Sd/-Sd/-Sd/-Company Secretary Chairman Director Chief Executive Officer

Dhaka, Bangladesh Dated, 07 Sep 2023

Sd/-S. F. AHMED & CO. **Chartered Accountants** DVC: 2309070728AS586141

IIDFC LIMITED | ANNUAL REPORT-2022 Page- 148

Statement of cash flows

For the year ended 31 December 2022

		2022	2021
		BDT	BDT
A.	Cash flows from operating activities		
	Profit before tax	2,748,491	4,725,603
	Adjustment for non-cash item:		
	Depreciation and amortisation	52,330	112,859
		2,800,820	4,838,462
	Operating profit before working capital		
	(Increase)/Decrease in current assets:		
	Advances, deposits and prepayments	1,450,288	(1,149,759)
	Account receivables	188,862	19,662,904
	Increase/(Decrease) in current liabilities:		
	Portfolio Investors' Fund	1,523,069	6,419,342
	Payable to stock broker	-	(17,981,926)
	Accrued expenses	142,202	(4,509,880)
	Loan loss reserve	-	(16,508,176)
		3,304,421	(14,067,495)
	Cash generated from/(used in) operating activities		
	Income tax	(972,306)	(1,105,504)
	Net cash from/(used in) operating activities (A)	5,132,936	(10,334,537)
В.	Cash flows from investing activities		
	Investment in securities	(26,205,448)	(24,821,520)
	Margin loans to clients	(3,129,576)	7,717,013
	Purchase of property, plant and equipment	(64,616)	-
	Net cash from/(used in) investing activities (B)	(29,399,640)	(17,104,507)
C.	Cash flows from financing activities		
	Receipt/(repayment) of term loan	25,414,086	19,027,006
	Net cash from/(used in) financing activities (C)	25,414,086	19,027,006
D.	Net changes in cash and cash equivalents (A+B+C)	1,147,381	(8,412,038)
E.	Opening cash and cash equivalent	9,514,410	17,926,448
F.	Closing cash and cash equivalent	10,661,791	9,514,410
		10,001,731	3,014,410
	h and bank balances have been arrived at as under:	44.004	44.005
	h in hand	44,391	11,668
Cas	h at bank	10,617,400	9,502,742
		10,661,791	9,514,410

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

Sd/- Sd/- Sd/- Sd/- Sd/- Chairman Director Company Secretary Chief Executive Officer

Dhaka, Bangladesh Dated, 07 Sep 2023 Sd/-S. F. AHMED & CO. Chartered Accountants DVC: 2309070728AS586141

Notes to the financial statements

For the year ended 31 December 2022

1. Reporting entry

1.1 Company profile

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

1.2 Nature of business

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

2. Basis of accounting

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

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

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

2.5 Reporting period

The financial statements cover one year from 1 January 2022 to 31 December 2022.

2.6 Events after the reporting period

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

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

Page- 150 IDFC LIMITED ANNUAL REPORT-2022

Notes to the financial statements

For the year ended 31 December 2022

2.7 Components of financial statements

- a. Statement of financial position (balance sheet) as at 31 December 2022;
- b. Statement of profit or loss and other comprehensive income (profit and loss statement) for the year ended 31 December 2022:
- c. Statement of changes in equity for the year ended 31 December 2022;
- d. Statement of cash flows for the year ended 31 December 2022; and
- e. Summary of significant accounting policies and other explanatory information.

2.8 Going concern

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

3. Significant accounting policies

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

3.1 Revenue recognition

Interest income from margin loan

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

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

Fees and commission income

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

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

Dividend income

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

Finance income

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

3.2 Financial instruments

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

3.2.1 Financial assets

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

Notes to the financial statements

For the year ended 31 December 2022

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

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

Cash and bank balances

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

Accounts receivable

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

Margin loan

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

Investment in quoted securities

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

3.2.2 Financial liabilities

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

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

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

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

Loans and borrowings

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

Accounts payable

Accounts payables are recognised at actual.

Offsetting financial assets and a financial liabilities

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

3.3 Property, plant and equipment

3.3.1 Recognition and measurement

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

Page- 152 IDFC LIMITED ANNUAL REPORT-2022

Notes to the financial statements

For the year ended 31 December 2022

the economic useful life of the property, plant and equipment or that improve the capacity and capitalised by adding it to the related property, plant and equipment.

3.3.2 Subsequent costs

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

3.3.3 Depreciation

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

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

3.4 Intangible assets

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

3.5 Statement of Cash Flows

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

3.6 Income tax

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

3.6.1 Current tax

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

3.6.2 Deferred tax

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

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

Notes to the financial statements

For the year ended 31 December 2022

3.7 Employee benefit

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

3.7.1 Defined contribution plan (provident fund)

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

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

3.7.2 Retirement benefit obligations (gratuity fund)

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

3.7.3 Group insurance benefits

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

3.8 Lease rental

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

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

3.9 Departure from IFRS

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

Page- 154))))))) ANNUAL REPORT-2022

Notes to the financial statements
For the year ended 31 December 2022

				2022	2021
				BDT	BDT
4.	Property, plant and equipment Cost:				
	Opening balance			5,959,826	5,959,826
	Add: Addition during the year			64,616	-
	Less: Disposal/adjustment during the year			_	5,959,826
	Closing balance (A)			6,024,442	5,959,826
	Accumulated depreciation:				
	Opening balance			5,671,383	5,558,524
	Add: Charge for the year			52,330 5,723,713	112,859 5,671,383
	Less: Adjustment during the year			-	-
	Closing balance (B)			5,723,713	5,671,383
	Written down value (A-B)			300,729	288,443
	Details of property, plant and equipment ar	e shown in Annex A.			
5.	Intangible asset Cost:				
	Opening balance			1,500,000	1,500,000
	Add: Addition during the year			-	-
	Loss: Disposal/adjustment during the year			1,500,000	1,500,000
	<u>Less</u> : Disposal/adjustment during the year Closing balance (A)			1,500,000	1,500,000
	Accumulated amortisation: Opening balance			1 400 000	1,499,990
	Add: Charge for the year			1,499,990	1,499,990
				1,499,990	1,499,990
	Less: Adjustment during the year			- 4 400 000	-
	Closing balance (B) Written down value (A-B)			1,499,990	1,499,990
	Witten down value (A-B)			10	10
	Details of intangible asset are shown in An	nex A.			
6.	Deferred tax asset				
	Opening balance Add: Addition during the year (note 6.1)			73,838 (12,155)	77,017 (3,179)
	Closing balance			61,682	73,838
	6.1 Break up of deffered tax assets				
				Deductible	
	Particular	Carrying amount of assets	Tax base	temporary difference at	At 31 Dec 2021
		OI assets		31 Dec 2022	31 Dec 2021
	Property, plant and equipment	300,729	465,212	164,483	196,900
	Applicable tax rate			37.50%	37.50%
	Deferred tax asset Addition/(adjustment) during the year			61,681 (12,155)	73,838 (3,179)
7.	Margin loans to clients			(12,100)	(3,179)
1.	Regular margin loan (note 7.1)			76,552,866	76,253,828
	Interest free block account margin loan (no	te 7.2)		549,355,835	546,525,297
				625,908,701	622,779,125

Notes to the financial statements

For the year ended 31 December 2022

7.1 Regular margin loan

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

7.2 Interest-free blocked account margin loan

Under the bailout program for long outstanding negative equity margin loan accounts, the company sold out most of the securities available in these accounts and recovered the outstanding margin loan as much as possible. Up to 31 December 2022, margin loan of BDT 549,355,835 under this program margin loan was transferred to a separate interest-free blocked account and written-off gradually every year against probability.

8. Investment in securities

Investment in quoted securities (8.1)

2022 BDT	2021 BDT
141,562,148	115,356,700
141,562,148	115,356,700

8.1 Listed securities breakup 2022:

Banks

Cement

Ceramic industry

Engineering

Fuel and power

Insurance

Mutual funds

Pharmaceuticals and chemicals

Textile

Telecommunications

IT sector

Cost price	Market price	Unrealised Gain/(loss)
а	b	c=b-a
BDT	BDT	BDT
4,012,662 268,871 5,520,108 257,662 18,839,573 72,071,851 19,727,311 12,481,569 964,703 6,966,184 451,654	2,415,000 259,200 4,300,000 249,000 8,388,720 42,993,584 12,600,000 10,588,997 770,000 5,400,000 331,533	(1,597,662) (9,671) (1,220,108) (8,662) (10,450,853) (29,078,267) (7,127,311) (1,892,572) (194,703) (1,566,184) (120,121)
141,562,148	88,296,034	53,266,114

8.2 Listed securities breakup 2021:

Banks

Ceramic industry

Engineering

Financial institutions

Food and allied

Fuel and power

Insurance

Mutual funds

Pharmaceuticals and chemicals

Telecommunications

IT sector

Tannery industries

Miscellaneous

Cost price	Market price	Unrealised Gain/(loss)
а	b	c=b-a
BDT	BDT	BDT
5,085,738	4,225,000	(860,738)
4,238,623	3,180,800	(1,057,823)
412,980	681,417	268,437
611,132	496,000	(115,132)
422,677	336,600	(86,077)
19,057,172	9,685,200	(9,371,972)
50,918,388	40,071,500	(10,846,888)
19,727,311	12,750,000	(6,977,311)
5,429,894	4,119,800	(1,310,094)
2,388,527	1,730,000	(658,527)
5,110,327	4,220,000	(890,327)
1,562,092	1,335,450	(226,642)
391,839	396,640	4,801
115,356,70	83,228,407	(32,128,293)

Page- 156 IDFC LIMITED ANNUAL REPORT-2022

Notes to the financial statements
For the year ended 31 December 2022

			2022	2021
9.	Advance income tax		BDT	BDT
	Advance tax paid		46,551,637	46,551,637
	Tax deduction at source (TDS)		1,152,962	1,094,241
	Income tax withheld from dividend income		3,407,462	2,493,877
10.	Advances, deposits and prepayments		51,112,061	50,139,755
10.	Security deposit with CDBL		200,000	200,000
	License fee		30,196,209	30,196,209
	Others		257,314	1,707,602
4			30,653,523	32,103,811
11.				
	Receivable from customers (note 11.1) Receivable from brokerage houses (note 11.2)		6,299,173	6,349,173
	Necelvable from brokerage flouses (flote 11.2)		7,985 6,307,158	146,847
	11.1 Receivable from customers		6,307,156	6,496,020
	Underwriting commission		1,799,173	1,849,173
	Management fees on issues		4,500,000	4,500,000
	4.00		6,299,173	6,349,173
	11.2 Receivable from brokerage houses IIDFC Securities Ltd.			
	United Financial Trading Co. Ltd.		7,985	134,832
	Office Financial Frauling Co. Etc.		7.005	12,015
12.	Cash and cash equivalents		7,985	146,847
	Cash in hand		44,391	11,668
	Bank balances (note 12.1)		10,617,400	9,502,742
			10,661,791	9,514,410
	12.1 Bank balances details break up	000700 (OND)	4.045.404	0.000.770
	Southeast Bank Ltd., A/C no. 003113100 Southeast Bank Ltd., A/C no. 003113100		1,215,131	2,806,770
	ONE Bank Ltd., A/C no. 0015025234024	41,246 8,792,466	41,677 5,990,534	
	ONE Bank Ltd., A/C no. 0015035234008	120,807	264,851	
	ONE Bank Ltd., A/C no. 0013000001153		15,004	15,869
	ONE Bank Ltd., A/C no. 0013000002167		24,934	265,354
	ONE Bank Ltd., A/C no. 0011020007368	,	86,442	48,823
	ONE Bank Ltd., A/C no. 0013000002178	(SND)	321,369	68,863
			10,617,400	9,502,742
13.				
	Authorised 100,000,000 ordinary shares of BDT 10 each		4 000 000 000	1,000,000,000
			1,000,000,000	1,000,000,000
	Issued, subscribed and paid up 60,000,000 ordinary shares of BDT 10 each		600 000 000	600 000 000
	00,000,000 ordinary shares of DD1 10 each		600,000,000	600,000,000
	Name of shareholder	Number of shares	Face Value per share	Amount
1	IIDFC Limited	59,998,800	10	599,988,000
2	Mr. Md. Matiul Islam	1,150	10	11,500
	Mr. Tariqul Islam Chowdhury	10	10	100
	Mr. S. A. Chowdhury	10	10	100
	Mr. Md. Khalilur Rahman	10	10	100
	Ms. Kazi Dilruba Akter Mr. Lingkon Mondal	10 10	10 10	100 100
_ ′	Wii. Lingkon Worldar	60,000,000		600,000,000
		00,000,000		

Notes to the financial statements

For the year ended 31 December 2022

		2022 BDT	2021 BDT
14.	Retained earnings		
	Opening balance	(25,321,211)	(26,961,958)
	Add: Net profit for the year	1,762,708	1,640,747
		(23,558,504)	(25,321,211)
	Less: Transfer to capital reserve	164,075	-
	Closing balance	(23,722,578)	(25,321,211)
15.	Capital reserve		
	Opening balance	_	_
	Add: Addition during the year.	164,075	-
	Closing balance	164,075	-
	Capital reserve has been made as per Bandladesh Securities and Ex	change Commission	(Rick Based Canital

Capital reserve has been made as per Bangladesh Securities and Exchange Commission (Risk Based Capital Adequacy) Rules, 2019. As per that rules, each registered entity shall maintain a mandatory provision which is at least 10% of profit after tax of previous year as capital reserve and the full amount of such reserve shall be accounted for in computing total capital.

	in computing total capital.		
16.	Term loan		
	Loan from Investment Corporation of Bangladesh (note 16.1)	44,441,092	19,027,006
		44,441,092	19,027,006
	16.1 Loan from Investment Corporation of Bangladesh		
	Opening balance	19,027,006	<u>-</u>
	Add: Addition during the year	40,000,000	25,000,000
	Less: Repayment during the year	59,027,006	25,000,000
	Closing balance	(14,585,914)	(5,972,994)
	and the second s	44,441,092	19,027,006
		,,	10,021,000
17.	Portfolio Investors' Fund		
	Self-margin discretionary account (SMDA)	7,127,201	5,544,067
	Non-margin discretionary account (NMDA)	1,347,118	1,054,482
	Safe investment account (SI)	35,641	4,990
	Receivable - trading account	68,145	451,497
		8,578,105	7,055,036
18.	Accrued expenses	5,515,155	- 1,000,000
	Liability for Gratuity Fund	467,000	445,254
	Others	189,792	51,060
	Professional fee	172,500	135,000
	CDBL charges	55,064	7,371
	Withholding TDS	55,013	116,362
	Withholding VDS	15,480	57,600
	· ·	954,849	812,647
19.	Provision for diminution in value of investment in securities		
	Opening balance	10,165,877	10,165,877
	Less: Transferred from loan loss reserve during the year	712,000	-
	Closing balance	10,877,877	10,165,877
	19.1 Details of un-realised loss and provision	, , , , , ,	
	Unrealised loss (note 8.1)	53,266,114	32,128,293
	Provision maintained during the year	10,877,877	10,165,877
	Percentage of provision maintained during the year	20%	32%

As per BSEC's directive no. SEC/CMRRCD/2009-193/196 dated 28 December 2016 and BSEC/SRI/NE/2020/606 dated 28 December 2022, total amount of minimum required provision i.e., 20% against unrealised loss of investment in securities to be kept by 31 December 2023. In this connection, an amount of BDT 10,877,877 has been made as provision which is equivalent to 20% of total unrealised loss of BDT 53,266,114 against year ending balance of investment in securities. However, no cash dividend can be paid during the year in terms of said directive as the company has availed this facility.

Page- 158 IDFC LIMITED ANNUAL REPORT-2022

Notes to the financial statements

For the year ended 31 December 2022

20.	Loan	loss reserve	2022 BDT	2021 BDT
20.	Open	ing balance Addition during the year	172,310,330	188,802,548 31,000,000
			172,310,330	219,802,548
	Less:	Bad loans written off	-	(47,492,218)
	Trans	fer for provision against margin loan	(6,259,087)	-
	Trans	fer to diminution in value of investment in securities	(712,000)	-
	Closir	ng balance	165,339,243	172,310,330
	20.1	Un-realised loss and provision		
		Un-realised loss (negative equity) against margin loan	549,355,835	546,525,297
		Less: Asset value of negative equity margin loan	(63,335,166)	(73,321,579)
		Required provision	486,020,669	473,203,718
		Accumulated provision (note 20.1.1)	165,339,243	172,310,330
		Percentage of provision made against requirement	34%	36%

As per BSEC's directive no. SEC/CMRRCD/2009-193/196 dated 28 December 2016 and BSEC/SRI/NE/2020/606 dated 28 December 2022, total amount of minimum required provision i.e., 20% against unrealised loss of investment in securities to be kept by 31 December 2023. In this connection, an amount of BDT 165,339,243 has been made as loan loss reserve which is equivalent to 34% of unrealized loss (negative equity) of BDT 549,355,835 against year ending balance of margin loan. However, no cash dividend can be paid during the year in terms of said directive as the company has availed this facility.

20.1.1 Accumulated provision		
· · · · · · · · · · · · · · · · · · ·		
Provision up to 31 December	172,310,330	188,802,548
Add: Amount written-off against provision	-	16,492,218
	172,310,330	172,310,330
Less: Transfer for provision against margin loan	(6,259,087)	-
Transfer to diminution in value of investment in securities	(712,000)	-
	165,339,243	172,310,330

The Board of Directors approved loan written-off for an amount of BDT 47,492,218 for the year ended 2021 against 8 inactive BO accounts in its 38th meeting dated 20 August 2020 out of which BDT 16,492,218 has been adjusted from provision for loan loss account and the balance amount of BDT 31,000,000 has been charged to profit and loss statement.

21. Provision against margin loan Opening balance Add: Transferred from loan loss reserve during the year Closing balance 6,259,087 6,259,087 -

Provision for margin loan has been made as per Bangladesh Securities and Exchange Commission (Risk Based Capital Adequacy) Rules, 2019. where it is stated that, each registered entity those is providing margin financing shall maintain a mandatory provision @ 1% of all outstanding margin exposures.

22.	Provision for income tax		
	Opening balance	52,702,427	49,620,750
	Add: Provision made during the year	973,628	3,081,677
	Closing balance	53,676,055	52,702,427
23.	Interest income	11,612,364	14,018,153
	Interest on margin loan	11,612,364	14,018,153
	Add: Provision made during the year		

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

Closing balance

Notes to the financial statements
For the year ended 31 December 2022

		2022 BDT	2021 BDT
24.	Interest expense		
24.	Term loan	1,406,869	690,666
	Demand loan	- 4 400 000	156,334
		1,406,869	847,000
25.	Income from investments		
20.	Gain on sale of securities	1,100,429	20,781,242
	Dividend income	4,317,923	5,092,767
		5,418,352	25,874,009
26.	Income from merchant banking services	2 462 074	0.050.707
	Security trading services Issue and corporate advisory services	3,162,871	9,059,727
	Cash collection and other	800,000 143,188	500,000 2,467,027
	BO account maintenance services	55,650	70,965
	Underwriting commission services	20,000	587,250
	Portfolio management services	755	13,835
		4,182,464	12,698,804
0=			
27.	Other income	007.000	507.040
	Interest income from bank deposit Others	267,206 818	537,312
	Others	268,024	537,312
		200,024	007,012
28.	Salaries and allowances		
	Basic salary	5,233,486	5,458,359
	Allowances	4,359,187	3,950,845
	Festival bonus	934,000	894,506
	Deputation Staff Salary	715,199	-
	Employers' contribution to provident fund	472,500	545,838
	Retirement benefits and gratuity Leave fare assistance	467,000 440,778	445,254 437,683
	Group insurance	236,914	207,647
	Cleaning staff salary	90,000	144,226
	Other	65,310	16,862
	Earned leave encashment	-	354,630
		13,014,374	12,455,850
29.	Rent, taxes, insurance and electricity		
20.	Rent, rates and taxes	828,000	828,000
	Electricity bill	160,069	160,024
	Water, gas and other bills	144,000	144,000
		1,132,069	1,132,024
20	Postore stown and talegommunications		
30.	Postage, stamp and telecommunications Phone and internet	246,121	252,840
	Postage and courier	24,245	26,632
	Newspapers, books and magazines etc.	2,330	3,999
		272,696	283,471
24	Stationary, printing and columnting areas		
31.	Stationery, printing and advertisement Printing and stationery	213,732	155,006
	Advertisement expenses	12,650	17,325
	7. A VOLIGO MONTO ON PONDO	226,382	172,331
		220,002	,

IIDFC LIMITED | ANNUAL REPORT-2022 Page- 160

Notes to the financial statements

For the year ended 31 December 2022

		2022 BDT	2021 BDT
32.	Professional fee		
	Statutory audit	138,000	138,000
	Provident fund audit	17,250	17,250
	Gratuity fund audit	17,250	17,250
		172,500	172,500
33.	Repair and maintenance		
	Office equipment	71,085	374,164
	Electricity and lighting	-	63,075
		71,085	437,239
34.	Bad Loans written-off	-	31,000,000

The Board of Directors approved loan written-off for an amount of BDT 47,492,218 for the year ended 2021 against 8 inactive BO accounts in its 38th meeting dated 20 August 2020 out of which BDT 16,492,218 has been adjusted from provision for loan loss account and the balance amount of BDT 31,000,000 has been charged to profit and loss statement.

35.	Administrative and other expenses			
	Registration and government fees		673,775	586,458
	Professional and legal expenses		495,625	130,125
	Car running and maintenance expenses		474,761	220,014
	Directors' fees		238,000	73,600
	Other expenses		200,009	147,800
	Office maintenance		122,389	114,171
	Entertainment		102,086	72,815
	Travelling and conveyance		34,945	19,790
	Uniform and liveries		22,200	22,200
	Bank charge and excise duty		14,620	51,063
	CDBL and other fees		6,000	351,365
			2,384,410	1,789,401
36.	Current tax			
	Current year's tax expense (note 36.1)		973,628	3,081,677
			973,628	3,081,677
	204.0	A	Dete	Tare I de la Milde e
	36.1 Current year's tax expense	Amount	Rate	Tax Liability
	Capital gain	1,100,429	10%	110,043
	Dividend income	4,317,923	20%	863,584.60
				973,628
37.	Earnings per share (EPS)			
	Profit for the year		1,762,708	1,640,747
	Weighted average number of ordinary shares		60,000,000	60,000,000
	EPS		0.03	0.03

Notes to the financial statements

For the year ended 31 December 2022

38. Related party disclosure

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

38.1 Related party transactions during the year:

Name of the related party	Nature of relationship	Nature of transaction	2022 BDT	2021 BDT
IIDFC Securities Limited	Sister concern	Share trading receivable balance	508,790,717	686,564,332
IIDFC Securities Limited	Sister concern	Share trading payable balance	508,917,564	689,099,981
Net receivable/(payab	le)		(126,847)	(2,535,649)
Add: Opening receivable	le/(payable) balance		134,832	2,670,481
Net share trading bala	ance		7,985	134,832

39 Others

- 39.1 Figures in these notes and in the annexed financial statements have been rounded off to the nearest BDT.
- **39.2** Previous year figures have been rearranged, wherever considered necessary, to conform to current year presentation without causing any impact on the operating results for the year and value of assets and liabilities at the end of that year as shown in the financial statements under reporting.
- **39.3** These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.

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

Sd/-	Sd/-	Sd/-	Sd/-
Chairman	Director	Company Secretary	Chief Executive Officer

Dhaka, Bangladesh Dated, 07 Sep 2023

Page- 162)))))))) ANNUAL REPORT-2022

IIDFC Capital Limited Details of property, plant and equipment As at 31 December 2022

Property, plant and equipment

			Cost				Accumula	Accumulated depreciation	ation	
Category of asset	"Balance at 1 Jan " BDT	Addition during the year BDT	"Sale/ disposal" BDT	Balance at 31 Dec BDT	"Rate (%)"	" Upto 1 Jan" BDT	Charge for the year BDT	"Sale/ disposal" BDT	"Total to 31 Dec" BDT	Written down value at 31 Dec BDT
Tangible assets										
Motor vehicles	1,250,000			1,250,000	20	1,249,994	ı		1,249,994	9
Furniture and fixtures	819,914	ı	,	819,914	10	819,896	ı	ı	819,896	18
Office equipment	3,889,912	1		3,954,528	18	3,601,493	52,330	1	3,653,823	300,705
Total 2022	5,959,826	64,616	-	6,024,442		5,671,383	52,330	1	5,723,713	300,729
Total 2021	5,959,826	64,616	1	5,959,826		5,558,524	112,859		5,671,383	288,443
Intangible assets										
Software	1,500,000		,	1,500,000	18	1,499,990			1,499,990	10
Total 2022	1,500,000	-	1	1,500,000		1,499,990	-	1	1,499,990	10
Total 2021	1,500,000			1,500,000		1,499,990			1,499,990	10

IIDFC Capital Limited Schedule-C

Annex B ----1/10

Part A

[see rule 2(1)(j)(ii); rule 4(1)(b); rule 5(2)]
Statement of Total Capital Computation
As at 31 December 2022

SL.	Components	B/S Amount	Haircut	Eligible Amount	Sum
a.	Paid-up-capital	600,000,000	0%	600,000,000	
b.	Share Premium	-	0%	-	
C.	General reserve	-	0%	-	
d.	Capital Reserve	164,075	0%	164,075	
e.	Retained Earnings	(23,722,578)	0%	(23,722,578)	
	Sum of core capital			576,441,496	576,441,496
f.	General Provision	6,259,087	20%	5,007,270	
g.	Specific Provision	176,217,120	30%	123,351,984	
h.	Revaluation Surplus or unrealized gain on:				
i.	Fixed Assets (Property, plant & equipments other than Intangible assets)	-	30%	-	
ii.	Investment in listed securities	-	20%	-	
iii.	Investment in non-listed securities (other than closed end mutual fund)	-	35%	-	
iv.	Investment in strategic holding	-	25%	-	
i.	Preference Share	-	25%	-	
j.	Subordinated debt	-	20%	-	
	Sum of supplementary capital			128,359,254	128,359,254
	Total Capital			704,800,750	704,800,750

Formula of Capital Adequacy Ratio (CAR) =	Total Capital (TC) Total Risk Requirement (TRR)	x 100
Our Capital Adequacy Ratio (CAR) =	704,800,750 92,767,505	- x 100
=	760%	

Page- 164 IIDFC LIMITED | ANNUAL REPORT-2022 Annex B ----2/10

IIDFC Capital Limited Schedule-D Part A

[see rule 4(4)]
Statement of Total Risk Requirement Computation

As at 31 December 2022

Area of Risk	Computation Formula	Full Amount	Risk Factor	Eligible Amount	Applicable for Registered Entity
Operation Risk Requirement (ORR)	Based on Average Annual Gross Income (see clause (b) of sub-rule (7.1) of rule 7)	35,298,997	2%	1,764,950	All
	i. Proprietary positions in Equity securities:				
	Value of "A" category securities	92,045,809	10%	9,204,581	
	Value of "B/G/N/." category securities	24,762,382	12%	2,971,486	=
	Value of "Z" category instruments	5,026,648	15%	753,997	Ē
	Value of "OTC" category instruments	1	20%	•	
	Value of Non-Listed Instruments	1	25%	•	
	ii. Proprietary positions in MFs & CISs:				
	Value of listed funds	19,727,311	10%	1,972,731	=
	Value of non-listed funds	1	3%	1	Ī
Docition Dick	Value of AIFs	-	25%	-	
Requirement (PRR)	iii. Proprietary positions in Debt Instruments & ABSs:				
	Value of listed debt instruments & ABSs	1	2%	1	₩
	Value of no-listed debt instruments	1	10%	1	
	Value of non-listed ABSs	-	10%	-	
	iv. Proprietary Position in strategic investments				
	Value of listed strategic investments	-	10%	-	¥
	Value of no-listed strategic investments	1	72%	1	
	v. Proprietary Position in money market Instruments				
	Value of Government securities/ instruments	_	%0	-	■
	Value of commercial paper	1	10%	ı	

Annex B ----3/10

IIDFC Capital Limited
Schedule-D
Part A
[see rule 4(4)]
Statement of Total Risk Requirement Computation
As at 31 December 2022

Area of Risk	Computation Formula	Full Amount	Risk Factor	Eligible Amount	Applicable for Registered Entity
Counterparty Risk	i. Exposure of credit facilities to Clients	625,908,701	%8	50,072,696	Stock Broker, Portfolio Manager
Requirement (CPRR)	ii. Exposure of Guarantee Provided to counterparty	1	2%	-	All
	Sum of Underwriting Commitment against the followings:	4,500,000			
Underwriting Risk	i. Public Issue of Equity Instruments (IPO)	4,500,000	10%	450,000	Merchant
requirement (URK)	ii. Public Issue of Equity Instruments (Rights Issue)	-	15%	-	Banker
	iii. Public Issue of Debt Instruments	-	15%	-	
	Sum of Large Exposures against the followings:				
Large Exposure Risk	 Sum of all Large Exposure to a Single counterparty 	363,868,680	%2	25,470,808	I
Requirement (LERR)	ii. Sum of all Large Exposure to Single Equity	-	10%	-	
	iii. Sum of all Large Exposure to Debt Instruments	1	3%	ı	
	i. Exposure of Asset under Management (AUM)	•	1%	1	Asset Manager
l jability Risk	ii. Exposure of Fund Under Management (FUM)	-	1%	-	Fund Manager
Requirement (LRR)	iii.Exposure of Institutional Fund Under Management (IFUM)	ı	0.25%	ı	Asset Manager, Merchant Banker and Portfolio Manager
	iv. Annual Revenue Reported in last year	53,128,278	0.20%	106,257	Credit rating Company, Stock Broker & Stock Dealer, Merchant Banker and Portfolio Manager
	Total Risk requirement	1,228,766,805		92,767,505	

Page- 166

Annex B ----4/10

IIDFC Capital Limited
Schedule-A
Part A
[see rule 2(1)(i);rule 4(1)(d);rule 8(5)]
Statement of Liquid Capital Balance

CV	
- 23	
- CV	
- CA	
-	
_	
(1)	
. <u>w</u>	
-	
-	
ധ	
- 77	
- A	
. w	
ш	
_	
_	
ന	
_	
េក	
- 10	
40	
S	
•	

Item	Assets	Note ref.	Amount as in Balance sheet	Proposed Haircut in %	Amount after Haircut
-	Cash and Bank Balances		10,661,791		10,646,787
	Cash in hand		44,391	%0	44,391
	Cash at Bank in Company's operational account		120,807	%0	120,807
	Cash at Bank in trading accounts (Stock Dealer A/C)		432,746	%0	432,746
	Cash at Bank accounts for clients (consolidated customer account)		10,048,843	%0	10,048,843
	Cash at Bank at IPO Account		15,004	100%	•
	Investments in FDR		1	%0	•
	Others cash and cash equivalent		1	%0	•
2	Net Receivable from Exchange, Depository, CCP and others		-	%0	•
	Mandatory for Cash deposits with Exchanges (as margin/security)		-	100%	•
	Excess over Mandatory for Cash deposits with Exchanges (as margin/security)		-	%0	1
	Mandatory for Cash deposits with Clearing House (as margin/security)		1	100%	•
	Excess over mandatory for Cash deposits with Clearing House (as margin/security)		-	%0	-
	Mandatory for Cash deposit with depository (as per rule)		-	100%	-
	Excess over mandatory for Cash deposit with depository (as per rule)		1	%0	-

Annex B

IDPEC Capital Limited Schedule-A Part A [see rule 2(1)(i);rule 4(1)(d);rule 8(5)] Statement of Liquid Capital Balance As at 31 December 2022

laircut	1	1	1	1	7,985.00	7,985	7,985	1	1	1	1	-	•
Amount after Haircut					¹ 2								
Proposed Haircut in %		100%	%0	100%			%0	2%	%9		%0	%9	2%
Amount as in Balance sheet	1	•	-	-	7,985.00	7,985	7,985	•	•	•	1	-	1
Note ref.													
		Assets kept as security against any obligations	Assets kept as security but exercisable within 30 days	Cash provided as security for short selling			Receivable from DSE against A, B, G & N category	Receivable from DSE against Z category	Receivable from DSE against DVP category		Receivable from CSE against A, B, G & N category	Receivable from CSE against Z category	Receivable from CSE against DVP category
Assets	Assets provided to others as security				Net Receivable from Securities Trading	Receivable from DSE (categorized as A,B,G,N,Z and DVP)				Receivable from CSE (categorized as A,B,G,N,Z and DVP)			
Item					3								

IIDFC LIMITED **ANNUAL REPORT-2022** Page- 168

Annex B ----6/10

IIDFC Capital Limited
Schedule-A
Part A
[see rule 2(1)(i);rule 4(1)(d);rule 8(5)]
Statement of Liquid Capital Balance

١.		
,		
•		
τ.		
,		
,	\sim	
	• •	
,	C	
	_	
	2022	
,		
	•	
•	_	
•	_	
	-	
ட	a,	
-	•	
,		
	_	
١.		
,	_	
	100	
	7	
,	w	
	4.5	
•		
	_	
•	7	
_	w	
~		
,	December	
,		
	~	
_	As at 31	
•		
,		
	a	
	-	
	10	
•	U	
,		
	-	
-	-	
•		
,		

Item	Assets		Note ref.	Amount as in Balance sheet	Proposed Haircut in %	Amount after Haircut
	Receivable from Stock Broker/Stock Dealer			-	%0	•
	Receivable from Merchant Banker			-	%0	-
	Receivable from selling agents			-	%0	•
	Receivable under securities borrowing and lending agreements			1	%9	1
	Receivable under repurchase transactions			1	%0	•
	Receivable from others			1	%0	1
4	Net receivable from margin clients -			625,908,701		525,401,580
	Receivable from Clients having no margin or full erosion of clients' equity (e.g.no equity against debit balance)			309,307,658	20%	247,446,126
	Receivable from Clients fall under force sale condition (e.g. equity is between 100% and 125% of DB)			255,435,883	15%	217,120,501
	Receivable from Clients fall under margin call (e.g. equity is >125% of DB but <150% of DB)			6,604,138	%9	6,273,931
	Receivable from regular Margin Clients (e.g. equity is >150% of debit balance)			54,561,022	%0	54,561,022
2	Net Receivable from other Clients-			-		•
		Receivable after securities trading		-	15%	•
		Receivable arises from fee, commission & charges			%9	-
9	Net receivable from counterparties (clients, designated clients, etc.)			-	%0	1
7	Net Receivable arises from short selling			-	10%	-

Annex B ----7/10

IDPEC Capital Limited
Schedule-A
Part A
[see rule 2(1)(i);rule 4(1)(d);rule 8(5)]
Statement of Liquid Capital Balance
As at 31 December 2022

Item	Assets		Note ref.	Amount as in Balance sheet	Proposed Haircut in %	Amount after Haircut
ω	Proprietary positions in securities and specified investments:			121,834,838		126,659,354
	i. Proprietary positions in Equity securities			121,834,838		108,904,774
		Value of "A" category instruments		92,045,809	10%	82,841,228
		Value of "B/G/N/" category instruments		24,762,382	12%	21,790,896
		Value of "Z" category instruments		5,026,648	15%	4,272,650
		Value of "OTC" category instruments		-	20%	-
		Value of Non-Listed Instruments		-	25%	-
	ii. Proprietary positions in MFs & CISs including AIFs			-		17,754,580
		Value of listed funds		19,727,311	10%	17,754,580
		Value of non-listed funds		-	3%	-
		Value of AIFs		-	25%	-
	iii.Proprietary positions in Debt Instruments & ABSs			-		-
		Value of listed debt instruments & ABSs		-	5%	-
		Value of no-listed debt instruments		•	10%	•
		Value of non-listed ABSs		-	10%	-
	iv. Proprietary Position in strategic investments			-		-
		Value of listed strategic investments		-	10%	-
		Value of no-listed strategic investments		-	25%	-

Annex B ----8/10

IIDFC Capital Limited
Schedule-A
Part A
[see rule 2(1)(i);rule 4(1)(d);rule 8(5)]
Statement of Liquid Capital Balance

CV.	
ÀÌ.	
CA	
$\overline{}$	
CA	
-	
Ф	
ă.	
0	
-	
-	
Ф	
1	
Q	
Ф	
$\tilde{}$	
_	
_	
_	
5	
-	
-	
Œ	
CO	
V	
1	
-	

Item	Assets		Note ref.	Amount as in Balance sheet	Proposed Haircut in %	Amount after Haircut
	v. Proprietary Position in money market Instruments			1		٠
		Value of Govt. & BB instruments		•	%0	1
		Value of commercial paper		•	10%	1
	vi. Own subscription in IPOs but not yet allotted			1	10%	1
	vii. Other Investment				n/a	1
6	Proprietary position in Derivatives			•	n/a	
10	Other assets arising from:			1,999,173		1,819,256
	Receivable against Advisory Fees, Commission, etc			1,799,173	10%	1,619,256
	Dividend Receivable			•	%0	1
	Interest Receivable			•	%0	1
	Prepaid expenses			-	100%	-
	Security deposits			200,000	100%	200,000
	Any other (need to specify)			-		-
11	Total liquid assets	(aggregate of items 1 to 10)		760,412,488		664,534,961
	Liabilities					
12	Short positions in securities held for own account			1	%0	-
13	Payable to Clients			8,542,465	%0	8,542,465
14	Short Term Business Liabilities:			•		•
	Payable to Banks, if not for trading & investment (current portion of long term liabilities)			•	%0	-

Annex B

IDPEC Capital Limited
Schedule-A
Part A
[see rule 2(1)(i);rule 4(1)(d);rule 8(5)]
Statement of Liquid Capital Balance
As at 31 December 2022

Item	Assets	Note ref.	Amount as in Balance sheet	Proposed Haircut in %	Amount after Haircut
	Payable to FIs, if not for trading & Investment (current portion of long-term liabilities)		1	%0	•
	Payable to Banks & FIs for loan against Margin Financing & Investment (full amount)		1	%0	1
	Payment obligation against sub-debt, preference shares (current portion)		-	%0	•
	Payable to associate companies or persons		1	%0	•
15	Amounts payable to clearing houses/Exchanges/ Depository etc.		•		•
	Payable to Exchanges		•	%0	•
	Payable to Clearing House/CCP		•	%0	•
	Payable to Depository		•	%0	•
	Payable to Brokers		•	%0	•
16	Other Liabilities and Provisions:		237,574,111		57,993,947
	Accruals & Accounts payable		954,849	%0	954,849
	Deferred tax and other deffered liabilities		-	%09	-
	Provision for Margin Loan		165,339,243	100%	•
	Provision for diminution in value of investment in securities		10,877,877	100%	-
	Provision for Gratuity, PF & others		6,726,087	%09	3,363,044
	Provision for Tax & VAT		53,676,055	%0	53,676,055
	Interest Suspense against Margin Loan		-	100%	•
	Liabilities for Expenses		-	%0	•
	Interest Payable		-	%0	•
	Provision for contingent liabilities and floating losses		-	%09	-
	Others (clearly specified in notes)		-	%0	-

IIDFC LIMITED **ANNUAL REPORT-2022** Page- 172

Annex B ----10/10

IIDFC Capital Limited
Schedule-A
Part A
[see rule 2(1)(i);rule 4(1)(d);rule 8(5)]
Statement of Liquid Capital Balance

As at 31 December 2022

Item	Assets		Note ref.	Amount as in Balance sheet	Proposed Haircut in %	Amount after Haircut	
17	17 Net Short term obligations after haircut Aggr	Aggregate of item 12 to item 16		246,116,576		66,536,412	
18	Total Liabilities	As per Balance Sheet		290,126,308		290,126,308	
19	Liquid Capital (Amount in item 11 minus item 17)			514,295,912		597,998,549	
20	Regulatory LCB: 4%/6%/8% of Total Liabilities (Item 18)			23,210,105		23,210,105	
21	Excess/(Deficit) in Liquid Capital Balance	(Amount in Item 20 less 19)		491,085,808		574,788,444	







Employees of IIDFC Securities Limited

Independent Auditor's Report

To the Shareholders of IIDFC Securities Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of IIDFC Securities Limited (the company), which comprise the statement of financial position (balance sheet) as at 31 December 2022, and the statement of profit or loss and other comprehensive income (profit and loss statement), statement of changes in equity, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

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

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

Management is responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with IFRSs, the Companies Act 1994 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain

Page- 176 IIDFC LIMITED ANNUAL REPORT-2022

Independent Auditor's Report

To the Shareholders of IIDFC Securities Limited

Report on the Audit of the Financial Statements

audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing on opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

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

- (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- (b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of these books; and
- (c) the statement of financial position (balance sheet) and statement of profit or loss and other comprehensive income (profit and loss statement) dealt with by this report are in agreement with the books of account.

Auditor's Signature

Name of Engagement Partner : Md. Moktar Hossain, FCA, Senior Partner

Enrollment No. : 728

Firm's Name : S. F. AHMED & CO., Chartered Accountants Firm's Reg. No. : 10898 E.P. under Partnership Act 1932

Document Verification Code (DVC): 2308080728AS822409

Dhaka, Bangladesh Dated, 08 Aug 2023

IIDFC Securities Limited

Statement of Financial Position (Balance Sheet)

As at 31 December 2022

Assets	Notes	2022 BDT	2021 BDT
Non-current assets			
Property, plant and equipment	4	9,751,002	3,965,930
Intangible asset (software)	5	-	-
Cost of TREC holding	6	85,978,830	85,978,830
Deferred tax assets	7	457,144	589,861
Deletted tax assets		96,186,976	90,534,621
Current assets			
Margin loans to clients	8	1,497,438,699	1,727,851,763
Investment in securities	9	312,712,673	268,164,661
Advance against income tax	10	218,528,469	193,309,957
Advances, deposits and prepayments	11	6,812,503	31,701,012
Receivable from stock exchange	12	15,628,795	37,058,543
Other receivables	13	621,328	1,231,277
Cash and cash equivalents	14	234,194,850	217,679,997
		2,285,937,317	2,476,997,210
Total assets		2,382,124,294	2,567,531,831
Equity and liabilities			
Equity			
Share capital	15	1,000,000,000	1,000,000,000
Retained earnings	16	112,466,573	110,115,420
Capital reserve	17	242,477	· · · -
General reserve		17,000,000	17,000,000
Total equity		1,129,709,050	1,127,115,420
Liabilities			
Non-current liabilities			
Term loan	18	324,711,563	417,580,745
		324,711,563	417,580,745
Current liabilities			
Payable to clients	19	225,323,287	251,353,921
Accounts payable	20	7,985	134,832
Payable to stock exchange	21	34,361	112,169
Payable to gratuity fund	22	2,136,723	600,000
Provision for diminution in value of investment in secu	rities 23	13,036,797	12,819,335
Loan loss reserve	24	366,465,521	417,070,433
Accrued expenses	25	5,241,616	6,849,834
Short term loan (bank overdraft)	26	76,394,148	144,316,076
Other liabilities	27	16,133,201	6,145,438
Provision against margin loan	28	14,974,387	_
Provision against income tax	29	207,955,655	183,433,629
		927,703,681	1,022,835,667
Total liabilities		1,252,415,245	1,440,416,412
Total equity and liabilities		2,382,124,294	2,567,531,831

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

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

Sd/-Sd/-Sd/-Sd/-ChairmanDirectorCompany SecretaryChief Executive Officer

Sd/-

S. F. AHMED & CO.

Chartered Accountants DVC: 2308080728AS822409

Dhaka, Bangladesh Dated, 08 Aug 2023

IIDFC Securities Limited

Statement of Profit or Loss and Other Comprehensive Income (Profit and Loss Statement)
For the year ended 31 December 2022

Notes	5	2022 BDT	2021 BDT
Operating income			
Interest income	30	80,347,488	95,072,017
Interest expense	31	(42,467,311)	(63,815,229)
Net interest income		37,880,178	31,256,788
Brokerage commission	32	111,459,911	170,734,729
Gains on sale of securities	33	29,470,719	64,561,571
Dividend income	34	9,723,220	8,140,981
Other operating income	35	876,244	1,553,201
Other income	36	105,949	692,296
		151,636,044	245,682,778
Total operating income		189,516,221	276,939,566
Operating expenses			
Securities trading cost	37	9,578,380	14,808,522
Salaries and allowances	38	60,929,018	60,708,255
Rent, insurance and utilities	39	8,844,240	7,280,225
Professional and legal expenses		1,396,042	1,259,617
Postage, stamp and telecommunications	40	1,964,758	1,816,964
Stationery, printing and advertisement	41	1,191,465	741,591
Directors' fees	42	378,400	70,400
Auditor's fee		161,000	161,000
Loans and advances written off		70,908,577	144,558,034
Repair and maintenance	43	913,265	630,738
Depreciation	44	2,034,806	966,788
Other expenses	45	3,750,436	2,262,944
Total operating expenses		162,050,387	235,265,078
Operating profit		27,465,835	41,674,488
Provision for diminution in value of investment in securities	23	(217,462)	(843,325)
Profit before tax		27,248,373	40,831,163
Income tax expense		(0.4. = 0.0.4)	()
Current tax	29	(24,522,026)	(37,903,252)
Deferred tax (expense)/income	7	(132,717)	(503,139)
		(24,654,743)	(38,406,391)
Profit/ (loss) for the year		2,593,630	2,424,772
Other comprehensive income		-	-
Total comprehensive income/ (loss)		2,593,630	2,424,772
Basic earnings per share	46	0.03	0.02

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

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

Sd/-Sd/-Sd/-ChairmanDirectorCompany SecretaryChief Executive Officer

Sd/-

S. F. AHMED & CO.

Chartered Accountants DVC: 2308080728AS822409

Dhaka, Bangladesh Dated, 08 Aug 2023

Statement of Changes in Equity

For the year ended 31 December 2022

Particulars	Share capital BDT	Capital reserve	Retained earnings BDT	General reserve BDT	Total BDT
Year 2022					
Balance at 1 January 2022	1,000,000,000	-	110,115,420	17,000,000	1,127,115,420
Profit/ (loss) for the year	-	-	2,593,630	-	2,593,630
Transfer to capital reserve	-	242,477	(242,477)	-	
Balance at 31 December 2022	1,000,000,000	242,477	112,466,573	17,000,000	1,129,709,050
Year 2021					
Balance at 1 January 2021	1,000,000,000	-	107,690,648	17,000,000	1,124,690,648
Profit/ (loss) for the year	-	-	2,424,772	-	2,424,772
Balance at 31 December 2021	1,000,000,000	-	110,115,420	17,000,000	1,127,115,420

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

Sd/- Sd/- Sd/- Sd/-

<u>Chairman</u> <u>Director</u> <u>Company Secretary</u> <u>Chief Executive Officer</u>

Sd/-

S. F. AHMED & CO.

Dhaka, Bangladesh
Dated, 08 Aug 2023
Chartered Accountants
DVC: 2308080728AS822409

Page- 180]]]))))) ANNUAL REPORT-2022

Statement of Cash Flows

For the year ended 31 December 2022

	Notes	2022 BDT	2021 BDT
Α	Cash flows from operating activities		
	Receipt of interest	80,347,488	95,583,595
	Interest paid on borrowings	(42,116,053)	(63,600,142)
	Receipt of brokerage commission	111,459,911	170,734,729
	Receipt of dividend	9,723,220	8,140,981
	Gains on sale of securities	29,470,719	64,561,571
	Payment to employees	(55,305,350)	(54,476,134)
	Receipts from other operating activities	935,673	1,308,001
	Payment for other operating activities	(26,774,572)	(28,029,375)
	Income tax paid	(25,218,512)	(34,907,430)
	Cash generated from/(used in) operating activities	82,522,524	159,315,796
		_	
	Increase/(decrease) in operating assets and liabilities		(15 277 062)
	Advances, deposits and prepayments Receivable from stock exchange	24,888,509 21,429,748	(15,377,863) (28,599,962)
	Other receivables	609,949	(28,399,962)
		(600,000)	(393,170)
	Payable to gratuity fund	. , ,	
	Payable to clients	(26,030,634)	121,871,649 (3,397,070)
	Accounts payable Accrued expenses	(126,847) (6,849,834)	(3,397,070) (4,412,812)
	Payable to stock exchange	(77,808)	(4,412,812)
	Other liabilities	9,987,763	4,409,849
	Net changes in operating assets and liabilities	23,230,846	73,736,211
	Net cash from/(used in) operating activities	105,753,370	233,052,007
D		103,733,370	233,032,007
В	Cash flows from investing activities Investment in shares	(44,548,011)	33,275,922
	Margin loan to clients	123,873,962	(139,900,469)
	Acquisition of property, plant and equipment	(7,819,878)	(2,093,273)
	Disposal of property, plant and equipment	46,520	255,359
	Net cash from/(used in) investing activities	71,552,593	(108,462,461)
_		7 1,002,000	(100,102,101,
C	Cash flows from financing activities Receipt/(repayment) of term loans	(160,791,109)	(39,098,171)
	Net cash from/(used in) financing activities	(160,791,109)	(39,098,171)
	Net cash from/(used iii) illiancing activities	(100,791,109)	(39,096,171)
D	Net changes in cash and cash equivalent (A+B+C)	16,514,853	85,491,374
E	Opening cash and cash equivalent	217,679,997	132,188,623
F	Closing cash and cash equivalent	234,194,850	217,679,997

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

Sd/-Sd/-Sd/-ChairmanDirectorCompany SecretaryChief Executive Officer

Sd/-

S. F. AHMED & CO.

Chartered Accountants DVC: 2308080728AS822409

-~~(((((

Dhaka, Bangladesh Dated, 08 Aug 2023

Notes to the financial statements

For the year ended 31 December 2022

1. Reporting entity

1.1 Company profile

IIDFC Securities Limited (the company) is a public company, fully owned subsidiary company of Industrial and Infrastructure Development Finance Company Limited (IIDFC). The company was incorporated in Bangladesh vide certificate of incorporation no. C-83521/10 dated 28 March 2010 in the name IIDFC Securities Limited. The company obtained license from Bangladesh Securities and Exchange Commission (BSEC) of its Stock broker registration vide certificate no. 3.1/DSE-238/2011/455 dated 05 January 2011, Stock Dealer registration certificate no. 3.1/DSE-238/2011/456 dated 05 January 2011, Depository Participation license no. SEC/Registration/CDL-DP-292 dated 03 February 2011 to carry out its operations.

1.2 Nature of business

The principal activities of the company include business of stock dealer, stock broker and depository participant (DP) for dealing of shares and securities, commercial papers, bonds, debentures, debenture stocks, etc. The company is a member of Dhaka Stock Exchanges (membership no. 238) and full service depository participant of Central Depository Bangladesh Limited (CDBL).

As a stock broker and stock dealer, the company caters services to the institutional and individual investors for trading of securities under Bangladesh Securities and Exchange Commission (Stock-Dealer, Stock-Broker and Authorised Representative) Rules 2000 and to extend margin loan facilities to the investors under Margin Rules 1999.

2. Basis of accounting

2.1 Statement of compliance

The financial statements have been prepared in compliance with the requirement of the International Financial Reporting Standards (IFRSs) which also cover International Accounting Standards (IASs) except some cases which are mentioned in note 3.9, the Companies Act 1994, Bangladesh Securities and Exchange Commission (Stock Dealer, Stock Broker and Authorised Representative) Rules 2000 and other applicable laws and regulations.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

Page- 182]]]))))) ANNUAL REPORT-2022

Notes to the financial statements

For the year ended 31 December 2022

2.4 Use of estimates and judgments

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

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

2.5 Reporting period

The financial statements cover one year from 1 January 2022 to 31 December 2022.

2.6 Events after the reporting period

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

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

2.7 Components of financial statements

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

2.8 Going concern

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

2.9 Date of authorisation

The audited financial statements for the year ended 31 December 2022 were authorised in the 52nd meeting of the Board of Directors dated 07 August 2023.

3. Significant accounting policies

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

Notes to the financial statements

For the year ended 31 December 2022

3.1 Revenue recognition

IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a entity fulfils the performance obligations regarding the contract of supplying the goods or rendering of service. The standard replaces all existing requirements of IAS 18: Revenue and IAS 11: Construction contracts and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 thus the company adopted IFRS 15: with a date of the said initial application.

Brokerage commission

Brokerage commission income are recognised when the corresponding services are provided. Brokerage commission income presented in the financial statements includes the following:

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

Interest income from margin loan

Interest income from margin loan is recognised on an accrual basis. Such income is calculated on daily basis of margin loans to the clients and charged at the end of the quarter.

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

Gains or losses on investment in securities

Gains or losses on investment in securities is calculated based on the different between cost and fair value of securities at the closing trade date of Dhaka Stock Exchange at the year end of the company.

Income from bank deposit

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

Dividend

Dividend income is recognised as income when it is actually received.

Page- 184

Notes to the financial statements

For the year ended 31 December 2022

3.2 Financial instruments

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

3.2.1 Financial assets

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

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

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

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

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank deposits, stamp in hand and other short term highly liquid investments with original maturities of three months or less and there was insignificant risk of changes in value of these current assets.

Accounts receivable

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

Margin loan

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

Investment securities

Investment in quoted securities is valued and recognised at cost following the directives no. BSEC/CMRRCD/2009-193/196 dated 28 December 2016. However, diminution in value of investment in securities on measurement of listed securities as on 31 December 2010 and onward is recognised following the directives no. BSEC/CMRRCD/2009-193/196 dated 28 December 2016 and BSEC/SRI/NE/2020/333 dated 27 march, 2023, where the authority allowed to defer the recognition of loss up to 31 December 2025. Investment in unquoted shares is valued and recognised at cost.

Notes to the financial statements

For the year ended 31 December 2022

3.2.2 Financial liabilities

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

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

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

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

Loans and borrowings

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

Accounts payable

Accounts payables are recognised at actual.

Offsetting financial assets and a financial liabilities

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

3.3 Property, plant and equipment

3.3.1 Recognition and measurement

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

Page- 186 JJJJJJJJ ANNUAL REPORT-2022

Notes to the financial statements

For the year ended 31 December 2022

3.3.2 Subsequent costs

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

3.3.3 Depreciation

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

Category of asset	<u>Rate (%)</u>
Furniture and fixtures	10
Office decoration	10
Motor vehicle	20
Office equipment	18

3.4 Intangible asset

Intangible asset is accounted for according to IAS 38: Intangible assets. Intangible assets acquired separately are initially recognised at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and impairment losses. Intangible asset "software" which is amortised @ 18%. Despite the asset has no carring value but it has still the usefull capacity for the company.

3.5 Statement of cash flows

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

3.6 Income tax

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

3.6.1 Current tax

Provision for current income tax for the year is made in accordance with the Income Tax Ordinance, 1984 and subsequent amendments made thereto from time to time.

Notes to the financial statements

For the year ended 31 December 2022

3.6.2 Deferred tax

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

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

3.7 Employee benefit

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

3.7.1 Defined contribution plan (provident fund)

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

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

3.7.2 Retirement benefit obligations (gratuity fund)

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

3.7.3 Group insurance benefits

The permanent employees of the company are covered under a group insurance scheme and the group insurance company provides group life, group hospitality and out patient days services.

Page- 188 IDFC LIMITED ANNUAL REPORT-2022

Notes to the financial statements

For the year ended 31 December 2022

3.7.4 Car benefits

The permanent employees of the company are eligible for interest free car loan facility as per policy whose job grade is at least AVP and above subject to approval of the management.

3.8 Lease

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

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

3.9 Departure from IFRS

SL No	Nature of departure	Title of IFRS	Treatment of IFRS	Treatment adopted as per regulatory requirement / Management decesions
1	Valuation of Investments in listed and non-listed shares	IFRS 9 Financial Instruments	IFRS 9 describe that how classification, measurement and recognise of investments. Based on that investment in shares and securities generally falls either at "fair value through profit and loss account" (FVTPL) or at "fair value through other comprehensive income" (FVOCI) where any change in the fair value of investments measured under FVTPL is to taken to the profit and loss account and any changes in the fair value of securities measured under FVOCI is transferred to equity through other comprehensive income.	As per circular from Dhaka Stock Exchange Ltd. Ref no. DSE/COM/TAD/CLR/AAFS_2021 /434 dated 09 April 2022 investment in securities can be presented at cost and its provision against diminution in value of investments is maintained in according BSEC directive no. SEC/CMRRCD/2009-193/196 dated 28 December 2016 and BSEC/SRI/Policy/3/2020/68 dated 12 January 2020 and BSEC/SRI/NE/2020/606 dated 28 December 2022.
2	Lease	IFRS 16	Under IFRS 16, a lessee shall recognise a right-of-use asset and a lease liability for all leases except where the leases are either short-term or the leases are for low value assets.	As the company did not recognize the lease, it decided to charge the rents of office space as expenses in the profit and loss statement.

Notes to the financial statements

For the year ended 31 December 2022

4.	Property, plant and equipment	2022 BDT	2021 BDT
	Cost:		
	Opening balance	29,391,991	28,936,978
	Add: Addition during the year	7,819,878	2,093,273
		37,211,869	31,030,251
	Less: Disposal/adjustment during the year	1,142,403	1,638,260
	Closing balance (A)	36,069,466	29,391,991
	Accumulated depreciation:		
	Opening balance	25,426,061	26,087,374
	Add: Charge for the year	2,034,806	966,788
		27,460,867	27,054,162
	Less: Adjustment during the year	1,142,403	1,628,101
	Closing balance (B)	26,318,464	25,426,061
	Written down value (A-B)	9,751,002	3,965,930
	Details are shown in Annex A.		
5.	Intangible asset Cost:		
	Opening balance Add: Addition during the year	1,666,831 -	1,666,831
	Less: Disposal/adjustment during the year	1,666,831	1,666,831
	Closing balance (A)	1,666,831	1,666,831
	Accumulated amortisation: Opening balance Add: Charge for the year	1,666,831 -	1,666,831 -
	Less: Disposal/adjustment during the year	1,666,831 -	1,666,831 -
	Closing balance (B)	1,666,831	1,666,831
	Written down value (A-B)		
	Details are shown in Annex A.	_	
6.	Cost of TREC holding	85,978,830	85,978,830

In pursuance to section 3.1.4 of the scheme of demutualisation of Dhaka Stock Exchange Ltd. (DSE), 7,215,106 ordinary shares of BDT 10 each were allotted by DSE in favour of IIDFC Securities Ltd. Out of total shares allotted, 2,886,042 ordinary shares of BDT 28,860,420 being 40% of total ordinary shares allotted were issued and credited to BO account of IIDFC Securities Ltd. for BDT 28,860,420 and value of cost of DSE membership has been adjusted to that extent. The remaining 4,329,064 shares being 60% ordinary shares of 7,215,106 of BDT 43,290,640 were credited to the "DSE Demutualisation Blocked Account" maintained by DSE. As per that aforesaid scheme, these 60% shares will be off-loaded in the following manner:

- 1. 25% has already been sold to the strategic investors by Dhaka Stock Exchange Ltd. in 2018.
- 2. Except shares allotted in favour of strategic investors, 35% shares held in blocked account shall be sold out to the general public/ institutional investors.

Those shares under blocked account as indicated above will be recognised and accounted for upon recovery.

Notes to the financial statements

For the year ended 31 December 2022

7. Deferred tax assets

2022 2021 BDT BDT

Deferred tax assets have been recognised and measured in accordance with the provision of IAS 12 Income Tax. Deferred tax assets are attributable to the following:

	Particulars	Carrying amount of assets/ liabilities	Tax base	(Taxable)/ deductible temporary difference	(Taxable)/ deductible temporary difference
	Furniture and fixtures	1,042,389	1,783,808	741,419	848,061
	Office decoration	3,455,936	5,202,515	1,746,579	1,817,471
	Office equipment	5,252,677	4,427,020	(825,657)	(699,331)
		9,751,002	11,413,343	1,662,341	1,966,201
	Applicable tax rate			27.5%	30%
	Deferred tax assets			457,144	589,861
8	Margin loans to clients				
	Regular margin loan (not			549,775,299	675,271,949
	Margin loan with negative			124,737,226	213,873,685
	Interest-free blocked acco	ount margin lo	an (note 8.3)	822,926,174	838,706,129
				1,497,438,699	1,727,851,763

8.1 Regular margin loan

This represents loan facilities extended to the customers for trading of listed securities in the secondary capital market as per Margin Rules 1999. As on 31 December 2022 total regular margin loan is BDT 549,775,299 out of which BDT 47,915,000 are not charging interest due to pending under litigation case and commitment for future waiver under bailout program. As on 31 December, 2022 the total market value of securities is BDT 1,708,263,586 against such positive equity of margin loan.

8.2 Margin loan with negative equity

This represents loan facilities extended to the customers for trading of listed securities. Subsequently, due to gradually interest charged & decreased of market value of securities, the outstanding margin loan is standing greater than market value of the portfolio, it's become adverse equity against margin loan. As on 31 December, 2022 the total market value of securities is BDT 9,897,884 against such negative equity of margin loan.

8.3 Interest-free blocked account margin loan

Under the bailout program for long outstanding negative equity margin loan accounts, the company sold out the securities available in these accounts and recovered the outstanding margin loan as much as possible. Upto 31 December 2022, total margin loan of BDT 822,926,174 under this program was transferred to a separate interest-free blocked account. The market value of securities is BDT 12,754,355 against irregular loan accounts as on 31 December 2022.

Notes to the financial statements

For the year ended 31 December 2022

9. Investment in securities

Listed securities (note 9.1) Non-listed securities (note 9.2)

BDT	BDT
282,854,153	238,306,141
29,858,520	29,858,520
312,712,673	268,164,661

9.1 Listed securities breakup 2022:

Engineering
Bank
Pharmaceutical and chemicals
Fuel and power
Financial institution
Tannery & Industries
Mutual funds
Insurance
Food and allied products
Textile
Miscellaneous

Cost price	Market price	Unrealised Gain/(loss)
a	b	c=b-a
63,302,990	48,615,742	(14,687,248)
58,081,595	45,054,903	(13,026,692)
47,258,736	31,630,500	(15,628,236)
19,038,680	15,670,8	(3,367,805)
17,685,202	11,312,818	(6,372,384)
14,414,736	11,532,400	(2,882,336)
13,250,000	11,000,000	(2,250,000)
7,595,498	6,207,224	(1,388,274)
4,656,180	2,480,000	(2,176,180)
3,587,427	3,397,458	(189,969)
33,983,111	30,768,249	(3,214,862)
282,854,153	217,670,168	(65,183,985)

Listed securities breakup 2021:

Bank
Insurance
Financial institution
Food and allied products
Engineering
Fuel and power
Pharmaceutical and chemicals
Mutual funds
IT
Textile
Miscellaneous

Со	st price	Market price	Unrealised Gain/(loss)
	a	b	c=b-a
57,0	062,186	49,891,095	(7,171,091)
22,7	795,963	16,954,473	(5,841,490)
17,6	585,202	15,034,818	(2,650,384)
4,6	556,180	3,212,000	(1,444,180)
57,4	130,866	46,186,304	(11,244,562)
23,9	990,794	19,879,390	(4,111,404)
26,2	221,622	20,518,968	(5,702,654)
13,2	250,000	11,440,000	(1,810,000)
4,6	521,390	4,220,000	(401,390)
9,7	726,678	7,372,718	(2,353,960)
3	365,260	865,260	-
238,3	06,141	195,575,026	(42,731,115)

9.2 Non-listed securities:

Dhaka Stock Exchange Limited Unit Fund (ICB AMCL 2nd NRB)

29,858,520	29,858,520
998,100	998,100
28,860,420	28,860,420

Page- 192 IIDFC LIMITED ANNUAL REPORT-2022

Notes to the financial statements

For the year ended 31 December 2022

10 Advance against income tax		2022 BDT	2021 BDT
Advance tax paid		22,636,182	20,122,864
Income tax withheld by DSE (acta 10 1)	156,307,648	137,308,873
Income tax withheld from div			
		28,151,541	26,025,472
Income tax withheld from SNI) account	11,433,099	9,852,748
		218,528,469	193,309,957
10.1 Income tax withheld by	DSF		
Stock Dealer transaction	, DSE	3,408,529	2,999,238
Stock Bealer transaction Stock Broker transaction			
Stock broker transaction		152,899,119	134,309,635
44 Adaman dan sita and ann		156,307,648	137,308,873
11. Advances, deposits and pre	payments	4.006.046	
Car Loan		4,006,946	-
Advance against office rent		1,739,529	969,240
Security deposits (note 11.1)		468,456	363,956
Advance to supply and service	e (note 11.2)	442,106	1,739,161
Staff loan		155,466	434,725
Advance against securities bid	dding (note 11.3)	-	22,083,930
Advance to DSE for IPO applic	ation (customer)	-	6,050,000
Advance to employees		-	60,000
		6,812,503	31,701,012
11.1 Security deposits			
C and F Tower, Chattogram		233,856	233,856
CDBL		100,000	100,000
Dhaka stock exchange ltd		100,000	· -
BTCL		15,000	15,000
Elite security services ltd.		13,000	13,000
Alpine fresh water ltd		6,600	2,100
		468,456	363,956
		100/100	202/220
11.2 Advance to supply and	service		
Vision architects	Sel vice	_	1,400,000
Tuheen and Associates		350,000	325,000
Mr. Mohammad Omar Faruk		92,106	323,000
M/S Rafia Corporation		92,100	1/161
W/3 Natia Corporation		442 106	14,161 1,739,161
		442,106	1,/39,101
11 2 Advance against securi	tios hidding		
11.3 Advance against securi	des blading		21 400 000
Union Bank Ltd.	LITO	-	21,400,000
BD THAI FOOD and BEVERAGE		-	637,500
Union Insurance Company Ltd	J.	-	46,430
			22,083,930

Notes to the financial statements

For the year ended 31 December 2022

	DT	BDT
12. Receivable from stock exchange Categories A, B, G and N types of shares 15,6	528,429	36,521,574
Category Z type of share	365	536,969
	28,795	37,058,543
13. Other receivables		27,000,010
	497,718	1,230,992
	123,610	-
City Bank Capital Resources Ltd.	_	285
	21,328	1,231,277
13.1 Receivable against mutual fund		-
	497,718	497,718
AIMS First Guaranteed Mutual Fund	-	733,274
4	97,718	1,230,992
The above amount is receivable against liquidation of mutual func	d.	
14 Cash and cash equivalents		
Cash in hand (note 14.1)	22,625	21,693
	158,478	217,652,021
Stamp in hand	13,747	6,283
	94,850	217,679,997
14.1 Cash in hand		
Head Office	2,393	7,235
Gulshan branch	6,440	8,560
Chattogram branch	5,745	4,030
Chamber building extention	4,030	-
Nikunja extension	4,017	1,868
	22,625	21,693
14.2 Short term deposit account		
ONE Bank Ltd., A/C no. 0015025351004 (CCA) 111,5	528,486	153,763,917
Mercantile Bank Ltd., A/C no.1131000047513 (CCA) 114,	126,883	61,780,249
ONE Bank Ltd., A/C no. 0015025351012 (Dealer Account)	4,892	245,019
	367,459	4,157
ONE Bank Ltd., A/C no.0013000001721 (IPO Account)	6,558	7,444
	974,753	1,330,157
NCC Bank Ltd., A/C no. 00310325001228 (Admin Account)	5,032	1,405
	144,415	519,673
234,1	158,478	217,652,021
15. Share capital		
15.1 Authorised capital	000.000	F 000 000 000
500,000,000 ordinary shares of BDT 10 each 5,000,0	000,000	5,000,000,000

Page- 194]]])))))) ANNUAL REPORT-2022

Notes to the financial statements

For the year ended 31 December 2022

15.2 Issued, subscribed and paid-up capital

100,000,000 ordinary shares of BDT 10 each fully paid-up 1

Shareholding position of the company as at 31 December is as under:

2022	2021
BDT	BDT
1,000,000,000	1,000,000,000

Name of % of No of chare

Shareholders	ivo di silales	holding	PIIC	-	
IIDFC Limited	99,987,497	99.99	10	999,874,970	999,874,970
Mr. Md. Matiul Islam	12,438	0.01	10	124,380	124,380
Mr. S. A Chowdhury	13	0.00	10	130	130
Mr. Tariqul Islam Chowdhury	13	0.00	10	130	130
Mr. Md. Khalilur Rahman	13	0.00	10	130	130
Mr. Lingkon Mondal	13	0.00	10	130	130
Mr. Abu Shadat Mohammad Sha	ahin 13	0.00	10	130	130
=	100,000,000	<u>100</u>		1,000,000,000	1,000,000,000

16. Retained earnings

Opening balance

Add: Profit/ (loss) for the year

Less: Transfer to capital reserve

Closing balance

17. Capital reserve

Opening balance

Add: Addition during the year

Closing balance

2022 BDT	2021 BDT
110,115,420	107,690,648
2,593,630	2,424,772
112,709,050	110,115,420
242,477	-
112,466,573	110,115,420
-	-
- 242,477	-

Capital reserve has been made as per Bangladesh Securities and Exchange Commission (Risk Based Capital Adequacy) Rules, 2019. As per that rules, each registered entity shall maintain a mandatory provision which is at least 10% of profit after tax of previous year as capital reserve and the full amount of such reserve shall be accounted for in computing total capital.

18 Term loan

IIDFC Limited

Term loan-up to 8 years (note 18.1)

Term loan-up to 8 years (note 18.2)

Investment Corporation of Bangladesh (ICB)

Term loan-up to 3 years (note 18.3)

130,259,928	253,874,316
113,984,582	125,652,413
80,467,053	38,054,016
324,711,563	417,580,745

Notes to the financial statements

For the year ended 31 December 2022

18.1 Term loan-up to 8 years	2022 BDT	2021 BDT
Opening balance	253,874,316	437,640,757
Add: Addition during the year	-	-
	253,874,316	437,640,757
Less: Adjustment during the year	(123,614,388)	(183,766,441)
Closing balance	130,259,928	253,874,316
10.3 Tayra laga wa ta 0 wasya		
18.2 Term loan-up to 8 years	125 652 412	126 120 206
Opening balance	125,652,413	136,120,396
Add: Addition during the year	125 652 412	- 126 120 206
	125,652,413	136,120,396
Less: Adjustment during the year	(11,667,831)	(10,467,983)
Closing balance	113,984,582	125,652,413
18.3 Term loan-up to 3 years		
Opening balance	38,054,016	50,000,000
Add: Addition during the year		30,000,000
Add: Addition during the year	70,000,000	-
Land Additional design of the control	108,054,016	50,000,000
Less: Adjustment during the year	(27,586,963)	(11,945,984)
Closing balance	80,467,053	38,054,016
19. Payable to clients		
Payable to clients (Trading)	225,323,287	235,703,921
	223,323,207	
Payable to clients (IPO)	225 222 207	15,650,000
	225,323,287	251,353,921

The company has been maintaining a consolidated customer account against payable to clients with ONE Bank Ltd & Mercantile Bank Ltd. only for the deposits of money received from and payments to customers as per paragraph six (6) of Securities Exchange Commission Rules 2020.

20. Accounts payable

IIDFC Capital Limited

21. Payable to stock exchange

Categories A, B, G and N types of shares Category Z type of shares

22. Payable to gratuity fund

Opening balance Add: Addition during the year

Less: Paid during the year

Closing balance

7,985	134,832
7,985	134,832
34,361	53,006
-	59,163
34,361	112,169
600,000	393,170
2,136,723	600,000
2,736,723	993,170
(600,000)	(393,170)
2,136,723	600,000

Notes to the financial statements

For the year ended 31 December 2022

The company operates a funded gratuity scheme, provision in respect of which is made annually covering all its permanent eligible employees.

	2022 BDT	2021 BDT
23. Provision for diminution in value of investment in securities		
Opening balance	12,819,335	11,976,010
Add: Provision made during the year	217,462	(843,325)
	13,036,797	11,132,685
Less: Write back of provision	-	-
Closing balance	13,036,797	12,819,335
Details of un-realised loss and provision		
Total unrealised loss (note 9)	65,183,985	42,731,115
Accumulated provision	13,036,797	12,819,335
Percentage of provision made against requirement	20%	30%

As per BSEC's directive no. SEC/CMRRCD/2009-193/196 dated 28 December 2016 and BSEC/SRI/NE/2020/333 dated 27 March 2023, total amount of provision against unrealized loss of investment in securities to be kept by 31 December 2025. In this connection, an amount of BDT 13,036,797 has been made as provision which is equivalent to 20% of total unrealized loss of BDT 65,183,985 against period ending balance of investment in securities. However, no cash dividend can be paid during the year in terms of said directive as the company has availed this facility.

24. Loan loss reserve		
	24 212 211	42.056.542
Loan loss account (note 24.1)	24,312,211	42,956,542
Interest income loss account (note 24.2)	342,153,310	374,113,891
	366,465,521	417,070,433
24.1 Loan loss account		
Opening balance	42,956,542	46,217,086
Add: Addition during the year	-	-
	42,956,542	46,217,086
Less: Adjustment/Write off during the year	(3,669,944)	(3,260,544)
Transfer to mandatory provision against margin loan	(14,974,387)	-
Closing balance	24,312,211	42,956,542
24.2 Interest income loss account		
Opening balance	374,113,891	402,509,112
Add: Addition during the year	-	-
	374,113,891	402,509,112
Less: Adjustment/Write off during the year	(31,960,581)	(28,395,221)
Closing balance	342,153,310	374,113,891

Notes to the financial statements

For the year ended 31 December 2022

During the year, total margin loan written-off amount is BDT 106,539,102 against 339 no. of inactive BO accounts out of which BDT 3,669,944 has been adjusted from loan loss account, BDT 31,960,581 from interest loss account and the remaining amount of BDT 70,908,577 has been charged to profit and loss statement. The above margin loan written-off has approved from the Board of the company in its 51st meeting dated 12 June 2023.

	BDT	BDT
Un-realised loss and provision		
Un-realised loss (negative equity) against margin loan	925,011,161	1,030,349,062
Accumulated provision	366,465,521	417,070,433
Percentage of loan loss reserve	39.62%	40.48%
Accumulated provision		
Provision upto 31 Dec 2021	417,070,433	448,726,198
Amount written off during the year	(35,630,525)	(31,655,765)
Transfer to mandatory provision against margin loan	(14,974,387)	-
	366,465,521	417,070,433

As per BSEC's directive no. SEC/CMRRCD/2009-193/196 dated 28 December 2016 and BSEC/SRI/NE//2020/606 dated 28 December 2022 total amount of provision against unrealized loss of margin loan to be kept by 31 December 2023. In this connection, an amount of BDT 366,465,521 has been made as loan loss reserve which is equivalent to 39.62% of unrealized loss (negative equity) of BDT 925,011,161 against year ending balance of margin loan. However, no cash dividend can be paid during the year in terms of said directive as the company has availed this facility.

25 Accrued expenses

	5,241,616	6,849,834
Tree plantation	-	2,610
Paybale to advertisement agency	-	12,346
Payable to printing press	-	102,873
Drinking water	3,827	2,654
CDBL charges	5,550	59,786
Payable to water and sewerage	5,649	4,830
Telephone bill	8,177	18,372
Electricity bill	43,756	65,000
Financial expenses (IIDFC)	74,631	-
Online and data communication charges	131,390	114,889
Audit fee	161,000	161,000
Office rent	165,112	281,999
Excise Duty	345,000	-
Financial expenses (ICB)	351,258	215,087
Associates commission	344,404	1,644,236
Payable to supply and service (note 25.1)	459,321	176,267
Incentives	3,142,541	3,987,885

Page- 198 IDFC LIMITED ANNUAL REPORT-2022

Notes to the financial statements

For the year ended 31 December 2022

	2022 BDT	2021 BDT
25.1 Payable to supply and service	וטטו	וטטו
Vission Architects	332,253	-
Greenway Tours & Rent A Car	88,755	-
SEBA Products	18,103	-
Indoor & Outdoor	7,460	-
Maa computer	7,300	-
Moron Kumar Das	3,345	-
Dhali's Amber Nibaas Ltd.	2,105	-
Charu Kaj	-	176,267
	459,321	176,267
26 Short term loan (bank overdraft)		
ONE Bank Ltd., A/C no.0017170000312	51,222,592	46,497,294
Mercantile Bank Ltd., A/C no.1720000008376	25,171,557	97,818,782
	76,394,148	144,316,076
27. Other liabilities		
Interest income from CCA (note 27.1)	13,675,274	4,390,451
Risk fund	1,316,667	1,216,667
Income tax deducted at source	522,556	279,585
VAT deduction at source	462,421	114,742
Suspense Accounts-Blocked	153,817	-
Others	2,466	143,993
	16,133,201	6,145,438
27.1 Interest income from CCA		
Opening balance	4,390,451	-
Add: Transfer during the year	9,284,823	4,390,451
	13,675,274	4,390,451

An amount of BDT 13,675,274 has been transferred to other liabilities accounts after deducting annual maintenance expenses, bank charges, and other charges for the purpose of distributation to the customer's account and exchange as per BSEC derective no. BSEC/CMRRCD/2009-193/20 Dated 21st June 2021.

Notes to the financial statements

For the year ended 31 December 2022

	2022 BDT	2021 BDT
28 Provision against margin loan		
Opening balance	-	-
Add: Addition during the year	14,974,387	-
	14,974,387	-
Less: Adjustment during the year		-
Closing balance	14,974,387	-

Provision for margin loan has been made as per Bangladesh Securities and Exchange Commission (Risk Based Capital Adequacy) Rules, 2019. where it is stated that, each registered entity those is providing margin financing shall maintain a mandatory provision @ 1% of all outstanding margin exposures.

29. Provision against income tax

Opening balance	183,433,629	145,530,377
Add: Provision made during the year	24,522,026	37,903,252
	207,955,655	183,433,629
Less: Adjustment during the year	-	-
Closing balance	207,955,655	183,433,629

Provision for corporate income tax is made on accounting profit for the year after adjustments for taxable allowances and disallowances as per tax laws.

30. Interest income

Margin loan	77,973,972	87,715,246
Bank interest	2,373,516	7,356,771
	80,347,488	95,072,017

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

31. Interest expense

IIDFC Ltd.	32,059,005	60,850,100
Mercantile Bank Ltd.	3,830,201	378,552
ONE Bank Ltd.	3,820,310	990,157
Investment Corporation of Bangladesh (ICB)	2,757,795	1,596,420
	42,467,311	63,815,229
32. Brokerage commission		
Commission on securities trading	111,425,161	170,645,009
Commission on IPO processing	34,750	89,720
	111,459,911	170,734,729
33. Gains on sale of securities		
Gains from trading of securities	39,711,825	66,608,144
Loss from trading of securities	(10,241,106)	(2,046,572)
	29,470,719	64.561.571

Notes to the financial statements

For the year ended 31 December 2022

	2022 BDT	2021 BDT
34. Dividend income	וטפ	וטפ
Income from dealer account	7,558,689	6,517,582
Income from DSE	2,164,532	1,623,399
	9,723,220	8,140,981
35. Other operating income		
BO account maintenance fee	364,500	329,100
Notice pay received	185,835	260,200
Forfeiture balance from Employees' Provident Fund accou	nts 138,689	487,451
BO account opening charges	82,200	96,750
Gains on disposal of assets	46,520	245,200
Charges for dishonoured cheques	39,000	41,000
Sale of account opening form	19,500	93,500
	876,244	1,553,201
36. Other income		
Others	10,232	-
Sale of Scrap	27,610	-
Unclaim CDBL Payable	47,190	-
Interest income from staff loan	20,917	75,559
Other deposits interest income	-	436,019
Reversal of payable to SBCSL	-	180,718
	105,949	692,296
37. Securities trading cost		
Laga charges	9,425,090	14,620,694
CDBL charges	143,740	185,078
Howla charge	9,550	2,750
	9,578,380	14,808,522
38. Salaries and allowances		
Basic	17,047,734	15,774,388
Associate salary	13,878,582	18,586,694
House rent	8,483,922	7,887,194
Incentive bonus	3,142,541	3,987,885
Leave encashment	2,901,358	2,550,037
Festival bonus	2,533,155	2,575,232
Casual staff salary	2,020,341	1,504,202
Gratuity expense	2,136,723	600,000
Conveyance	1,998,840	1,698,571
Company's contribution to provident fund	1,448,777	1,514,313
Leave fare assistance	1,197,370	1,322,425
Employees recreation	1,018,160	-
Medical allowances	877,555	788,718
Group insurance	684,368	741,611
Car allowances	952,120	690,806
Other allowance	240,000	240,000
Entertainment	192,473	246,179
House maintenance	175,000	-
	60,929,018	60,708,255

Notes to the financial statements

For the year ended 31 December 2022

39. Rent, insurance and utilities	2022 BDT	2021 BDT
Office rent and service charge	7,536,467	5,952,687
Electricity bill	697,805	656,955
Renewal and registration fees	538,771	613,754
Water and sewerage	53,987	46,818
Insurance on fixed assets	17,210	10,011
	8,844,240	7,280,225
40. Postage, stamp and telecommunications		
Data communication expenses	1,270,465	1,137,849
Mobile bill	464,963	435,914
Internet expenses	145,000	133,500
Telephone bill	38,425	52,000
SMS charges	14,630	41,914
Postage and courier charges	15,889	12,485
Stamp charges	15,386	3,302
	1,964,758	1,816,964
41. Stationery, printing and advertisement		
Printing and stationery	758,280	529,871
Paper, ribbon and cartridge	148,753	89,766
Business promotional and other advertisement expenses	284,432	121,954
	1,191,465	741,591
42. Directors' fees		
Fees	344,000	64,000
VAT	34,400	6,400
	378,400	70,400

Each Director was paid for BDT 7,200 (excluding VAT) per board meeting attended.

43. Repair and maintenance		
Office equipment	460,038	358,130
Renovation and decoration	264,781	-
Electric and lighting materials	135,544	222,015
Furniture and fixtures	37,252	7,220
Computer software	14,700	29,500
Computer accessories	950	13,873
	913,265	630,738
44. Depreciation		
Office equipment	1,490,648	819,698
Office decoration	399,572	70,104
Furniture and fixtures	144,586	76,986
	2,034,806	966,788

Page- 202 |]]]))))) | ANNUAL REPORT-2022

Notes to the financial statements

For the year ended 31 December 2022

	2022	2021
45. Other expenses	BDT	BDT
Entertainment	1,291,820	636,711
Car maintenance	270,204	493,821
Excise duty	793,000	-
Office maintenance (note 45.1)	738,007	543,976
Travelling and conveyance - local	207,788	158,821
Guarantee commission	172,222	-
Risk fund	100,000	100,000
Training expenses	68,211	5,500
Donation	44,359	20,000
Subscription fee (EI)	27,000	9,000
Bank charges	23,300	285,631
Newspaper and magazine	14,525	8,284
Books and periodicals	-	1,200
	3,750,436	2,262,944
45.1 Office maintenance		
Others	405,190	340,382
Cleaning charges	145,078	82,675
Uniform, etc.	88,790	70,195
Plantation	43,640	31,260
Drinking water	30,180	9,972
Purchase of utensils	25,129	9,492
	738,007	543,976

46. Earnings per share (EPS)

Earnings per share (EPS) is calculated in accordance with IAS 33 Earnings per share. The calculation of basic earnings per share was based on the profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding for the period ended 31 December 2022.

Basic earnings per share has been calculated as under:

Earnings attributable to ordinary shareholders net profit/(loss) after tax

Weighted average number of ordinary shares

2,593,630
2,424,772
100,000,000

Particulars

Weighted average

No. of Ordinary Shares

Number of share outstanding during the year 365

100,000,000

47. Books of account of branch offices

Basic earnings per share

The company has two (2) branch offices at Dhaka and Chattogram. In addition, the company has two extension offices of Head Office at Nikunja & Motijheel, Dhaka. Books of accounts of those branches are maintained at Head Office based on which the accounts are consolidated.

0.03

0.02

100,000,000

Notes to the financial statements

For the year ended 31 December 2022

48. Related party disclosures

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

48.1 Related party transactions during the year:

Name of the related party	Nature of relationship	Nature of transactions	2022	2021
IIDFC Limited	Parent company	Interest and principal repayment of loan	124,508,556	255,084,524
IIDFC Capital Limited	Sister concern	Share trading and others	269,571,977	6,450,604,109

48.2 Related party balances as at year ended:

Name of the related party	Nature of relationship	Nature of transactions	2022	2021
IIDFC Limited	Parent company	Interest and principal repayment of loan	244,244,510	379,526,729
IIDFC Capital Limited	Sister concern	Accounts payable	7,985	134,832

49 Employees' information

A total 29 number of employees were employed in IIDFC Securities Ltd. as on 31 December 2022. Each of the employees received salary more than BDT 36,000 per annum during the year ended 31 December 2022.

50 Others

- **50.1** These notes are integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.
- **50.2** Previous year's figures have been re-arranged, wherever considered necessary, to confirm to current year's presentation without causing any impact on the operating results for the year and value of assets and liabilities at the end of that year as shown in the financial statements under reporting.
- **50.3** Figures in these notes and annexed financial statements have been rounded off to the nearest BDT.

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

Sd/-	Sd/-	Sd/-	Sd/-
Chairman	Director	Company Secretary	Chief Executive Officer

Dhaka, Bangladesh Dated, 08 Aug 2023

Page- 204 IIDFC LIMITED | ANNUAL REPORT-2022

Annex A

IIDFC Securities LimitedDetails of property, plant and equipment and intangible assets (software) For the year ended 31 December 2022

		ŏ	Cost			Ā	ccumulated	Accumulated epreciation		Written down
Category of assets	At 1 Jan	Addition during the year	n Disposal/ Total at r adjustment 31 Dec	Total at 31 Dec	Rate (%)	Upto 1 Jan	Charge for the period	Charge for Disposal/ the period adjustment	Total to 31 Dec	value at 31 Dec
	BDT	BDT	BDT	BDT		BDT	BDT	BDT	BDT	BDT
Furniture and fixtures	3,706,908	674,747	204,292	4,177,363	10	3,194,680	144,586	204,292	3,134,974	1,042,389
Office decoration	9,037,078	3,294,680	156,663	12,175,095	10	8,476,250	399,572	156,663	8,719,159	3,455,936
Office equipment	16,289,864	3,850,451	781,448	19,358,867	18	13,396,990	1,490,648	781,448	14,106,190	5,252,677
Motor vehicle	358,141	ı	ı	358,141	20	358,141	1	ı	358,141	ı
Total 2022	29,391,991	29,391,991	1,142,403	36,069,466		25,426,061	2,034,806	1,142,403	1,142,403 26,318,464 9,751,002	9,751,002
Total 2021	28,936,978	2,093,273		29,391,991		26,087,374	966,788	1,628,101	25,426,061	3,965,930

		ပိ	Cost			A	ccumulated	Accumulated epreciation		Written down
Category of assets	At 1 Jan BDT	Addition during the year BDT	Disposal/ adjustment BDT	Total at 31 Dec BDT	Rate (%)	Upto 1 Jan BDT	Charge for the period BDT	Charge for Disposal/ the period adjustment BDT BDT	Total to 31 Dec BDT	value at 31 Dec BDT
Computer software	1,666,831	ı	1	1,666,831	18	1,666,831	ı	1	1,666,831	I
Total 2022	1,666,831	I		1,666,831		1,666,831	1		1,666,831	1
Total 2021	1,666,831	1		1,666,831	. "	1,631,999	1		1,666,831	1

Annex B ----1/10

Schedule-C Part A

[see rule 2(1)(j)(ii); rule 4(1)(b); rule 5(2)] Statement of Total Capital Computation

As at 31 December 2022

SL.	Components	B/S Amount	Haircut	Eligible Amount	Sum
a.	Paid-up-capital	1,000,000,000	0%	1,000,000,000	
b.	Share Premium	-	0%	-	
c.	General reserve	17,000,000	0%	17,000,000	
d.	Capital Reserve	242,477	0%	242,477	
e.	Retained Earnings	112,466,573	0%	112,466,573	
	Sum of core capital			1,129,709,050	1,129,709,050
f.	General Provision	14,974,387	20%	11,979,510	
g.	Specific Provision	379,502,318	30%	265,651,623	
h.	Revaluation Surplus				
	or unrealized gain on:				
i.	Fixed Assets (Property,				
	plant & equipments other	-	30%	-	
	than Intangible assets)				
ii.	Investment in				
	listed securities	-	20%	-	
iii.	Investment in non-listed				
	securities (other than closed	-	35%	-	
	end mutual fund)				
iv.	Investment in				
	strategic holding	-	25%	-	
i.	Preference Share	-	25%	-	
j.	Subordinated debt	-	20%	-	
	Sum of supplementary				
	capital			277,631,132	277,631,132
	Total Capital			1,407,340,182	1,407,340,182

Formula of Capital Adequacy Ratio (CAR) = $\frac{\text{Total Capital (TC)}}{\text{Total Risk Requirement (TRR)}} \times 100$ Our Capital Adequacy Ratio (CAR) = $\frac{1,407,340,182}{201,757,789} \times 100$ = 698%

Annex B ----2/10

Schedule-D

Part A

[see rule 4(4)]

Statement of Total Risk Requirement Computation

As at 31 December 2022

Area of Risk	Computation Formula	Full Amount	Risk Factor	Eligible Amount	Applicable for Registered Entity
Operation Risk Requirement (ORR)	Based on Average Annual Gross Income (see clause (b) of sub-rule (7.1) of rule 7)	145,216,946	2%	7,260,847	All
	i. Proprietary positions in Equity securities:				
	Value of "A" category securities	240,790,089	10%	24,079,009	
	Value of "B/G/N/." category securities	42,064,064	12%	5,047,688	= <
	Value of "Z" category instruments	ı	15%	ı	W
	Value of "OTC" category instruments	ı	20%	ı	
	Value of Non-Listed Instruments	28,860,420	25%	7,215,105	
	ii. Proprietary positions in MFs & CISs:				
	Value of listed funds	ı	10%	I	= <
	Value of non-listed funds	998,100	3%	29,943	W All
	Value of AIFs	1	25%	1	
:	iii. Proprietary positions in Debt				
Position Risk	Instruments & ABSs:				
requirement (PRK)	Value of listed debt instruments & ABSs	1	2%	1	= <
	Value of no-listed debt instruments	1	10%	1	T Y
	Value of non-listed ABSs	1	10%	ı	
	iv. Proprietary Position in strategic investments				
	Value of listed strategic investments	1	10%	1	= <
	Value of no-listed strategic investments	1	72%	-	Ψ
	v. Proprietary Position in money market Instruments				
	Value of Government securities/ instruments	1	%0	1	= <
	Value of commercial paper	1	10%	1	Ψ

IIDFC Securities Limited Schedule-D Part A [see rule 4(4)]

Annex B ----3/10

Statement of Total Risk Requirement Computation As at 31 December 2022

Area of Risk	Computation Formula	Full Amount	Risk Factor	Eligible Amount	Applicable for Registered Entity
Counterparty Risk	i. Exposure of credit facilities to Clients	1,497,438,699	%8	119,795,096	Stock Broker, Portfolio Manager
Requirement (CPRR)	ii. Exposure of Guarantee Provided to counterparty	1	2%	1	AII
	Sum of Underwriting Commitment against the followings:	ı		ı	
Underwriting Risk	i. Public Issue of Equity Instruments (IPO)	ı	10%	1	Merchant
Requirement (URR)	ii. Public Issue of Equity Instruments (Rights Issue)	I	15%	1	סמוואפו
	iii. Public Issue of Debt Instruments	-	15%	-	
	Sum of Large Exposures against the followings:				
Large Exposure Risk	i. Sum of all Large Exposure to a Single counterparty	537,837,029	%2	37,648,592	AII
	ii. Sum of all Large Exposure to Single Equity	-	10%	-	
	iii. Sum of all Large Exposure to Debt Instruments	ı	3%	1	
	i. Exposure of Asset under Management (AUM)	ı	1%	1	Asset Manager
	ii. Exposure of Fund Under Management (FUM)	-	1%	1	Fund Manager
Liability Risk	iii.Exposure of Institutional Fund Under Management (IFUM)	ı	0.25%	-	Asset Manager, Merchant Banker and Portfolio Manager
Requirement (LRR)	iv. Annual Revenue Reported in last year	340,754,795	0.20%	681,510	Credit rating Company, Stock Broker & Stock Dealer, Merchant Banker and Portfolio Manager
	Total Risk requirement	2,833,960,142		201,757,789	

Page- 208

Schedule-A Part A

[see rule 2(1)(i);rule 4(1)(d);rule 8(5)] Statement of Liquid Capital Balance As at 31 December 2022

Annex B ----4/10

		Note	Amount as in	Proposed	Amount after
tem	Assets	ref.	Balance sheet	Haircut in %	Haircut
1	Cash and Bank Balances		234,194,850		234,188,292
	Cash in hand		22,625	%0	22,625
	Cash at Bank in Company's				
	operational account		979,785	%0	979,785
	Cash at Bank in trading accounts				
	(Stock Dealer A/C)		7,516,766	%0	7,516,766
	Cash at Bank accounts for clients				
	(consolidated customer account)		225,655,369	%0	225,655,369
	Cash at Bank at IPO Account		6,558	100%	1
	Investments in FDR		1	%0	1
	Others cash and cash equivalent		13,747	%0	13,747
(Net Receivable from Exchange				
7	Depository, CCP and others		1	%0	1
	Mandatory for Cash deposits with				
	Exchanges (as margin/security)		-	100%	-
	Excess over Mandatory for Cash				
	deposits with Exchanges (as				
	margin/security)		ı	%0	I
	Mandatory for Cash deposits with				
	Clearing House (as margin/security)		-	100%	•
	Excess over mandatory for Cash				
	deposits with Clearing House (as				
	margin/security)		1	%0	•
	Mandatory for Cash deposit with				
	depository (as per rule)		-	100%	-
	Excess over mandatory for Cash				
	deposit with depository (as per rule)		1	%0	1

IIDFC Securities Limited Schedule-A

Annex B ----5/10

[see rule 2(1)(i);rule 4(1)(d);rule 8(5)] Statement of Liquid Capital Balance As at 31 December 2022

tem	Assets		Note	Amount as in	Proposed	Amount after
			ref.	Balance sheet	Haircut in %	Haircut
	Assets provided to others as security			ı		ı
		Assets kept as security against any obligations		ī	100%	ı
		Assets kept as security but exercisable within 30 days		1	%0	1
		Cash provided as security for short selling		ı	100%	1
м	Net Receivable from Securities Trading			15,628,795		15,628,777
	Receivable from DSE (categorized as A,B,G,N,Z and DVP)			15,628,795		15,628,777
		Receivable from DSE against A, B G & N category		15,628,429	%0	15,628,429
		Receivable from DSE against Z category		365	2%	347
		Receivable from DSE against DVP category		1	2%	ı
	Receivable from CSE (categorized as A,B,G,N,Z and DVP)			1		ı
		Receivable from CSE against A, B, G & N category		•	%0	1
		Receivable from CSE against Z category		1	2%	1
		Receivable from CSE against DVP category		-	2%	-

Annex B ----6/10

Schedule-A Part A

[see rule 2(1)(i);rule 4(1)(d);rule 8(5)] Statement of Liquid Capital Balance As at 31 December 2022

Item	Assets		Note ref.	Amount as in Balance sheet	Proposed Haircut in %	Amount after Haircut
	Receivable from Stock Broker/Stock Dealer			-	%0	•
	Receivable from Merchant Banker			-	%0	•
	Receivable from selling agents			-	%0	1
	Receivable under securities borrowing			,	%5	,
	Receivable under repurchase transactions			ı	%0	1
	Receivable from others			1	%0	1
4	Net receivable from margin clients			1,497,438,699		1,352,533,452
	Receivable from Clients having no margin or full erosion of clients' equity					
	(e.g.no equity against debit balance)			ı	20%	ı
	Receivable from Clients fall under force					
	sale condition (e.g. equity is between			057 730 030	15%	814 072 397
	100 /0 aila 123 /0 01 DD)			207,261,106	0/51	014,072,337
	Receivable from Clients fall under margin call (e.g. equity is >125% of DB but <150% of DB)			24,908,249	2%	23,662,837
	Receivable from regular Margin Clients					
	(e.g. equity is >150% of debit balance)			514,798,217	%0	514,798,217
2	Net Receivable from other Clients-			-		_
		Receivable after securities trading		-	15%	-
		Receivable arises from fee, commission & charges		ı	%5	ı
9	Net receivable from counterparties (clients, designated clients, etc.)			ı	%0	ı
7	Net Receivable arises from short selling			1	10%	ı

IIDFC Securities Limited Schedule-A

Annex B ----7/10

[see rule 2(1)(i);rule 4(1)(d);rule 8(5)] Statement of Liquid Capital Balance

As at 31 December 2022

Item	Assets		Note ref.	Amount as in Balance sheet	Proposed Haircut in %	Amount after Haircut
80	Proprietary positions in securities and specified investments:			312,712,673		276,340,928
	I. Proprietary positions in Equity securities			311,714,573		275,372,771
		Value of "A" category instruments		240,790,089	10%	216,711,080
		Value of "B/G/N/" category instruments		42,064,064	12%	37,016,376
		Value of "Z" category instruments		1	15%	ı
		Value of "OTC" category instruments		1	70%	ı
		Value of Non-Listed Instruments		28,860,420	728%	21,645,315
	ii. Proprietary positions in MFs & CISs including AIFs			998,100		968,157
		Value of listed funds		1	10%	1
		"Value of non-listed funds				
				998,100	3%	968,157
		Value of AIFs		1	722%	1
	iii.Proprietary positions in Debt Instruments & ABSs	-		1		
		Value of listed debt instruments & ABSs		1	2%	ı
		Value of no-listed debt instruments		1	10%	ı
		Value of non-listed ABSs		1	10%	
	iv. Proprietary Position in strategic investments			1		
		Value of listed strategic investments		-	10%	-
		Value of no-listed strategic investments		1	25%	1

Schedule-A

Part A

[see rule 2(1)(i);rule 4(1)(d);rule 8(5)] Statement of Liquid Capital Balance As at 31 December 2022

Annex B -----

Note Amount at a sin Proposed Amount at a mount at a market Instruments Value of Govt. & BB instruments Value of Commercial paper Vi. Own subscription in IPOs but not Value of Commercial paper Vi. Other Investment Vi. Other					٠		
v. Proprietary Position in money market Instruments Value of Govt. & BB instruments veral content of the Instrument of Instrument	Item	Assets		Note ref.	Amount as in Balance sheet	Proposed Haircut in %	Amount arter Haircut
Value of Goott, & BB instruments Value of Goott, & BB instruments - 0% vi. Own subscription in IPOs but not yet allotted Value of commercial paper - 10% vii. Other Investment - 10% - Proprietary position in Derivatives - - 10% Other assets arising from: Receivable against Advisory Fees, - - 10% Commission, etc. Dividend Receivable - 0% - 10% Interest Receivable Prepaid expenses - 0% - 10% Security deposits Any other (need to specify) (aggregate of items 1 to 10) 2,059,975,017 1,87 Labilities Short positions in securities held for own account - 0% - Payable to Clients Short Term Business Liabilities: - 0% - Short Dositions in securities held for own account - - 0% - Payable to Clients - - 0% - - Payable to Clients - - -		v. Proprietary Position in money market Instruments	1		ı		
vi. Own subscription in IPOs but not yet allotted vi. Own subscription in IPOs but not yet allotted vi. Other lowestment - 10% <			Value of Govt. & BB instruments		-	%0	-
vi. Own subscription in IPOs but not yet allotted - 10% vii. Other Investment - n/a Proprietary position in Derivatives - n/a Other assets arising from: - 10% Receivable against Advisory Fees, Commission, etc. - 10% Commission, etc. Dividend Receivable Interest Inte			Value of commercial paper		=	10%	-
yet allotted Progressment - 10% Propiletary position in Derivatives - n/a Other assets arising from: - n/a Receivable against Advisory Fees, - 10% Commission, etc - 10% Dividend Receivable - 10% Interest Receivable - 100% Interest Receivable - 100% Prepaid expenses - 100% Security deposits - 100% Any other (need to specify) - 100% Total liquid assets - 00% Short positions in securities held for own account - 00% Payable to Clients - 00% Short positions in securities held for positions in securities held for pown account - 00% Payable to Banks, if not for trading & investment (current portion of long investment (current porti		vi. Own subscription in IPOs but not				1000	
Proprietal mostificial Invaloration Other assets arising from: Invaloration Receivable against Advisory Fees, Commission, etc. Invaloration Dividend Receivable Interest Receivable Prepaid expenses Invaloration Prepaid expenses Interest Receivable Interest Receivable Interest Receivable Prepaid expenses Invaloration Prepaid expenses Interest Receivable Interest I		yet allotted			1 1	%01	1 1
Other assets arising from: - 10% Receivable against Advisory Fees, Commission, etc. - 10% Dividend Receivable Interest Receivable Prepaid expenses - 0% Prepaid expenses - 0% Security deposits - 100% Any other (need to specify) - 1,87 Itabilities - 0% Short positions in securities held for own account - 0% Own account - 0% Payable to Clients - 0% Short Term Business Liabilities: - 0% Short Term Business Liabilities: - 0% Payable to Clients - 0% Short Term Business Liabilities: - 0% Investment (current portion of long term liabilities) - -	6	VII. Other Investment Proprietary position in Derivatives			1 1	n/a n/a	1 1
Receivable against Advisory Fees, Commission, etc 10% Commission, etc - 0% Dividend Receivable - 0% Interest Receivable - 0% Prepaid expenses - 100% Security deposits - 100% Any other (need to specify) - 100% Inabilities - 0% Security deposits - 0% Any other (need to specify) - 0% Inabilities - 0% Short positions in securities held for own account - 0% Payable to Clients - 0% Short Term Business Liabilities: - 0% Short Term Business Liabilities: - 0% Payable to Glients - 0% Payable to Glients - 0% Short Term Business Liabilities: - 0% Payable to Banks, if not for trading & investment (current portion of long term liabilities) - -	10	Other assets arising from:			1	5	1
Commission, etc - 10% Dividend Receivable - 0% Interest Receivable - 0% Interest Receivable - 0% Prepaid expenses - 100% Security deposits - 100% Any other (need to specify) - - 100% Inabilities Short positions in securities held for own account - 0% 2 Short positions in securities held for own account - 0% 2 Payable to Clients - 0% 2 Short Term Business Liabilities: - 0% 2 Short Term Business Liabilities: - 0% 2 Payable to Banks, if not for trading & investment (current portion of long term liabilities) - 0% -		Receivable against Advisory Fees,					
Dividend Receivable - 0% Interest Receivable - 0% Prepaid expenses - 100% Security deposits - 100% Any other (need to specify) - 100% Total liquid assets (aggregate of items 1 to 10) 2,059,975,017 1,87 Liabilities Short positions in securities held for own account - 0% 2 Short Term Business Liabilities: - 0% 2 Short Term Business Liabilities: - 0% 2 Payable to Banks, if not for trading & investment (current portion of long term liabilities) - 0% 2		Commission, etc			-	10%	-
Interest Receivable - 0% Prepaid expenses - 100% Security deposits - 100% Any other (need to specify) - 100% Total liquid assets (aggregate of items 1 to 10) 2,059,975,017 1,87 Liabilities Short positions in securities held for own account - 0% 2 Payable to Clients Short Term Business Liabilities: - 0% 2 Short Term Business Liabilities: Payable to Banks, if not for trading & investment (current portion of long investment (current portion of long term liabilities) - 0% 2		Dividend Receivable			-	%0	•
Prepaid expenses - 100% Security deposits - 100% Any other (need to specify) - 100% Total liquid assets (aggregate of items 1 to 10) 2,059,975,017 1,87 Liabilities Short positions in securities held for own account - 0% - Payable to Clients Short Term Business Liabilities: - 0% 2 Short Term Business Liabilities: Payable to Banks, if not for trading & investment (current portion of long term liabilities) 76,394,148 8		Interest Receivable			ı	%0	1
Security deposits - - 100% Any other (need to specify) - - 1,87 Total liquid assets (aggregate of items 1 to 10) 2,059,975,017 1,87 Liabilities Short positions in securities held for own account - 0% - Short positions in securities held for own account - 0% - 0% Payable to Clients Short Term Business Liabilities: 76,394,148 0% 2 Short Term Business Liabilities: Payable to Banks, if not for trading & investment (current portion of long term liabilities) 0% 0% 0%		Prepaid expenses			-	100%	1
Any other (need to specify) Any other (need to specify) - - - 1,87 Total liquid assets (aggregate of items 1 to 10) 2,059,975,017 1,87 Liabilities Short positions in securities held for own account - 0% - 0% 2 Payable to Clients Short Term Business Liabilities: 76,394,148 0% 2 Payable to Banks, if not for trading & investment (current portion of long term liabilities) (aggregate of items 1 to 10 0% 0 term liabilities) (aggregate of items 1 to 10 (aggregate of items 1 to 10 0% 0		Security deposits			-	100%	1
Total liquid assets (aggregate of items 1 to 10) 2,059,975,017 1,87 Liabilities Short positions in securities held for own account - 0% - Payable to Clients C25,323,287 0% 2 Short Term Business Liabilities: Payable to Banks, if not for trading & investment (current portion of long term liabilities) 76,394,148 0% 2		Any other (need to specify)			-		-
LiabilitiesLiabilitiesPayable to ClientsPayable to Banks, if not for trading & investment (current portion of long term liabilities)LiabilitiesPayable to Banks, if not for trading & investment (current portion of long term liabilities)Payable to Banks, if not for trading & investment (current portion of long term liabilities)Payable to Banks, if not for trading & investment (current portion of long term liabilities)	11	Total liquid assets	(aggregate of items 1 to 10)		2,059,975,017		1,878,691,449
Short positions in securities held for own account0%Payable to Clients225,323,2870%2Short Term Business Liabilities:76,394,1482Payable to Banks, if not for trading & investment (current portion of long term liabilities)-0%		Liabilities					
own account - 0% Payable to Clients 225,323,287 0% 2 Short Term Business Liabilities: 76,394,148 2 Payable to Banks, if not for trading & investment (current portion of long term liabilities) 6,394,148 8	1.2	Short positions in securities held for					
Payable to Clients225,323,2870%2Short Term Business Liabilities:76,394,1482Payable to Banks, if not for trading & investment (current portion of long term liabilities)76,394,1482	71	own account			-	%0	•
Short Term Business Liabilities:76,394,148Payable to Banks, if not for trading & investment (current portion of long term liabilities)0%	13	Payable to Clients			225,323,287	%0	225,323,287
ks, if not for trading & rrent portion of long	14	Short Term Business Liabilities:			76,394,148		76,394,148
rrent portion of long		Payable to Banks, if not for trading &					
		investment (current portion of long					
		term liabilities)			1	%0	1

IIDFC Securities Limited Schedule-A

Annex B ----9/10

Part A [see rule 2(1)(i);rule 4(1)(d);rule 8(5)] Statement of Liquid Capital Balance

As at 31 December 2022

1		Note	Amount as in	Proposed	Amount after
	Assets	ref.	Balance sheet	Haircut in %	Haircut
œ	Payable to FIs, if not for trading & Investment (current portion of Iong-term liabilities)		1	%0	'
	Payable to Banks & Fls for loan against Margin Financing & Investment (full amount)		76,394,148	%0	76,394,148
	Payment obligation against sub-debt, preference shares (current portion)		ı	%0	ı
	Payable to associate companies or persons		ı	%0	ı
15	Amounts payable to clearing houses/Exchanges/Depository etc.		34,361		34,361
	Payable to Exchanges		34,361	%0	34,361
	Payable to Clearing House/CCP		-	%0	-
	Payable to Depository		1	%0	-
	Payable to Brokers		-	%0	1
16	Other Liabilities and Provisions:		607,881,094		220,792,016
	Accruals & Accounts payable		5,249,601	%0	5,249,601
	Deferred tax and other deffered liabilities		1	20%	ı
	Provision for Margin Loan		366,465,521	100%	1
	Provision for diminution in value of				
	investment in securities		13,036,797	100%	1
	Provision for Gratuity, PF & others		15,173,520	%05	7,586,760
	Provision for Tax & VAT		207,955,655	%0	207,955,655
	Interest Suspense against Margin Loan		1	100%	ı
	Liabilities for Expenses		ı	%0	1
	Interest Payable		1	%0	-
	Provision for contingent liabilities and floating losses		-	20%	1
	Others (clearly specified in notes)		1	%0	1

Page- 214

Annex B ----10/10

Schedule-A

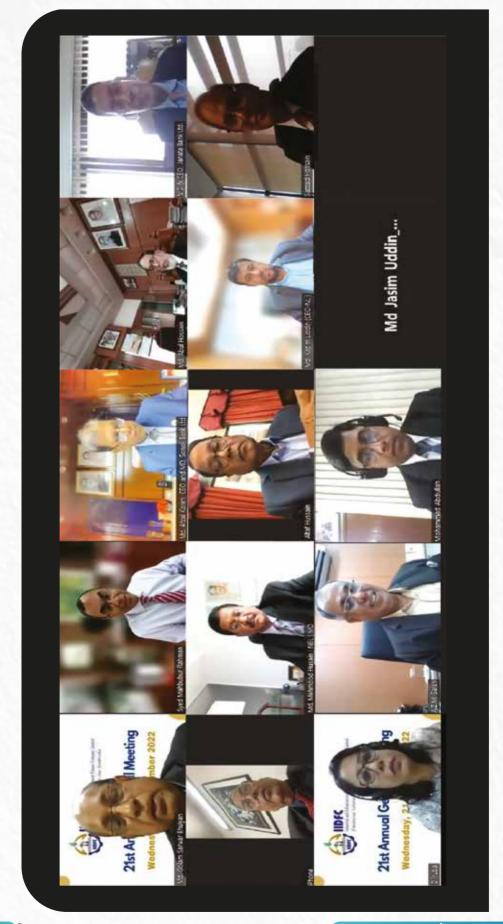
Part A

[see rule 2(1)(i);rule 4(1)(d);rule 8(5)] Statement of Liquid Capital Balance

As at 31 December 2022

Item	Assets		Note ref.	Amount as in Balance sheet	Proposed Haircut in %	Amount after Haircut	
1	Net Short term obligations after						
2	haircut	Aggregate of item 12 to item 16		909,632,891		522,543,813	
18	18 Total Liabilities	As per Balance Sheet		1,252,415,245		1,252,415,245	
10	Liquid Capital (Amount in item 11						
2	minus item 17)			1,150,342,126		1,356,147,636	
6	Regulatory LCB: 4%/6%/8% of Total						
2	Liabilities (Item 18)			100,193,220		100,193,220	
71	Excess/(Deficit) in Liquid Capital						
7	Balance	(Amount in Item 20 less 19)		1,050,148,906		1,255,954,416	

PHOTOGRAPHS FROM IIDFC'S ALBUM



The 21st Annual General Meeting of IIDFC Limited held on 21 December 2022 at 11.30 a.m. through Video Conference (ZOOM).

Page- 216 IIDFC LIMITED ANNUAL REPORT-2022

Large Industries financed by IIDFC



An Export Oriented Garments Factory



Food & Beverage Factory



An Agro Processing Enterprise



Health Care Center





The first private sector economic zone under BEZA established with IPFF II Fund and Commercial Fund raised by IIDFC as Lead Arranger





An Export oriented Textile Mill Financed by IIDFC





The first career service provider incorporated in Bangladesh, established with IPFF Fund and Commercial Fund where IIDFC participated as PFI



The largest International Terrestrial Cable (ITC) service provider in Bangladesh established with IPFF Fund and Commercial Fund raised by IIDFC as Lead Arranger

Page- 218 |]]]))))) ANNUAL REPORT-2022

Small & Medium Enterprises (SME) financed by IIDFC



Paper & Board Mill



Medical Service Center

Other Events of IIDFC



IIDFC observed the National Mourning Day on its premises on 15 August 2022



Corporate Retreat 2022

Workshop and Seminar



Training on Development of Professional Selling and Sales Management held at Head Office.

Award



IIDFC won International Award on Environmental Development. The award was presented by the Philippines-based Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) during 45th ADFIAP Annual Meetings and Award giving ceremony on October 26th, 2022. 89 DFI's of 30 countries of Asia and Pacific are members of ADFIAP.



অর্থ পাচার রোধ করুন ঘরের দেনা শোধ করুন দেশের টাকা দেশে রেখে সুস্থ সবল বোধ করুন। – সুজন বড়ুয়া

Page- 222 IIDFC LIMITED ANNUAL REPORT-2022



INDUSTRIAL AND INFRASTRUCTURE DEVELOPMET FINANCE COMPANY LIMITED

Metropolitan Chamber Building (6th Floor), 122-124 Motiiheel C/A, Dhaka-1000

PROXY FORM

I/we		
of		
being a member of Industrial an	d Infrastructure Development Finance Co	ompany Limited do hereby
appoint Mr./Mrs./Ms		
of		
as proxy to attend and vote for me/us and on my/or	ur behalf in the 22 nd Annual General Mee	eting of the company to be
held on Tuesday, 28 November 2023 at 11.30 a.m.	through video conference (ZOOM) and	any adjournment thereof.
As witness my/our hand this	day of	2023.
	Revenue	
	Stamp of Tk. 20.00	

Signature of Proxy

Signature of Shareholder



IIDFC'S BRANCH LOCATIONS

CHATTOGRAM BRANCH:

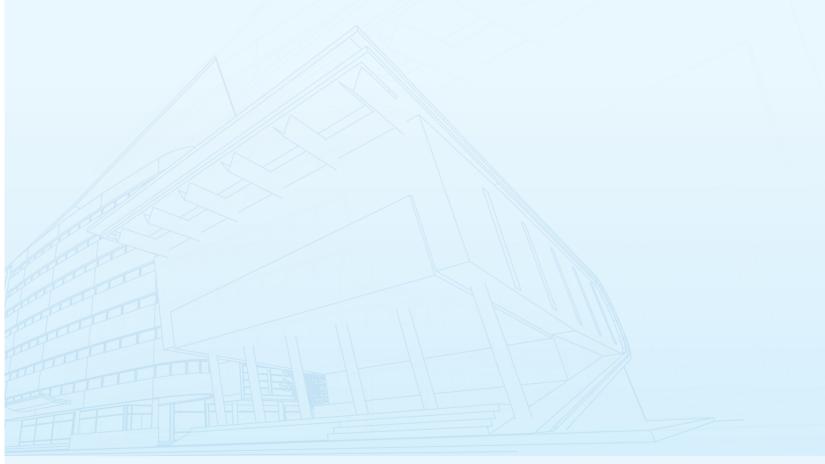
C & F Tower (4th floor), Sk. Mujib Road Agrabad C/A, Chattogram, Bangladesh

UTTARA BRANCH:

Plam Jemairah (3rd floor), Sonargaon Janapath Road Sector # 07, Uttara, Dhaka-1230, Bangladesh

NARAYANGANJ BRANCH:

Mid-Town Complex (3rd floor), Holding # 79 (Old 54) Bangabandhu Road, Narayanganj-1400, Bangladesh.





HEAD OFFICE:

Metropolitan Chamber Building (6th & 7th floor), 122-124 Motijheel C/A, Dhaka-1000, Bangladesh

Phone: 02-223382353, 02-223382342, 09611016647 **Fax:** 02-223388987, **Hotline:** 16647, **E-mail:** info@iidfc.com